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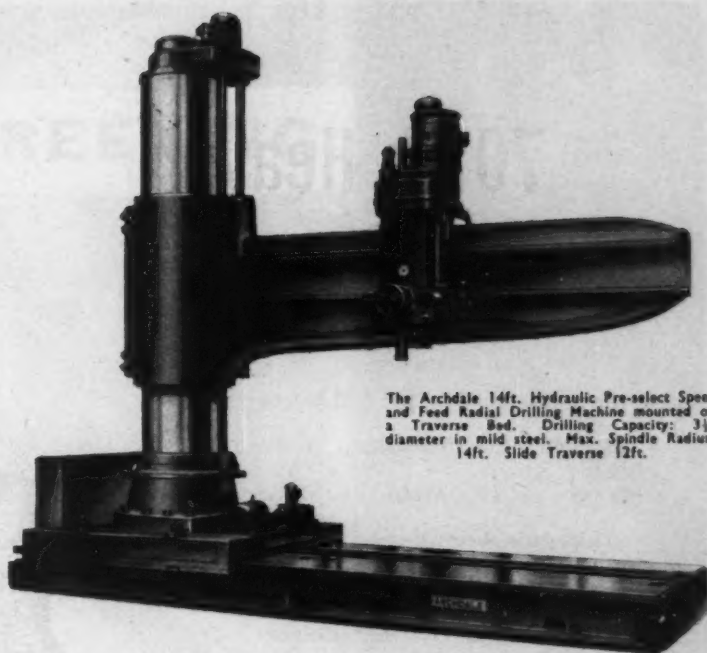
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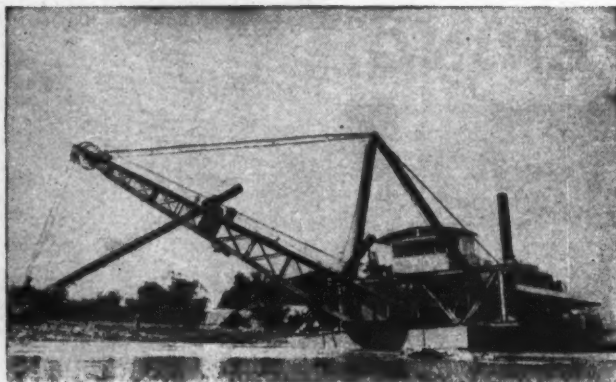
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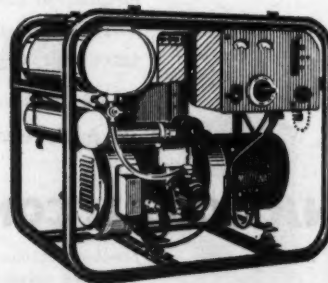
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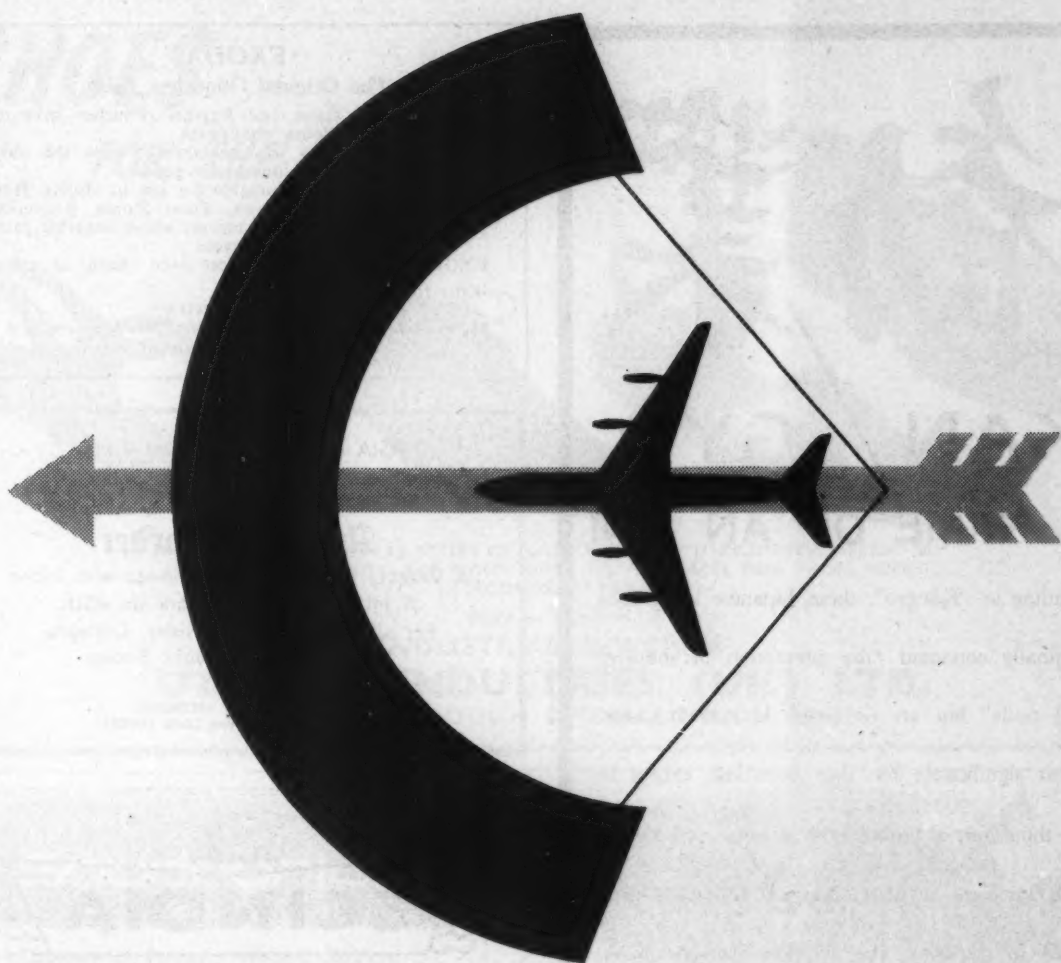
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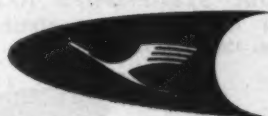


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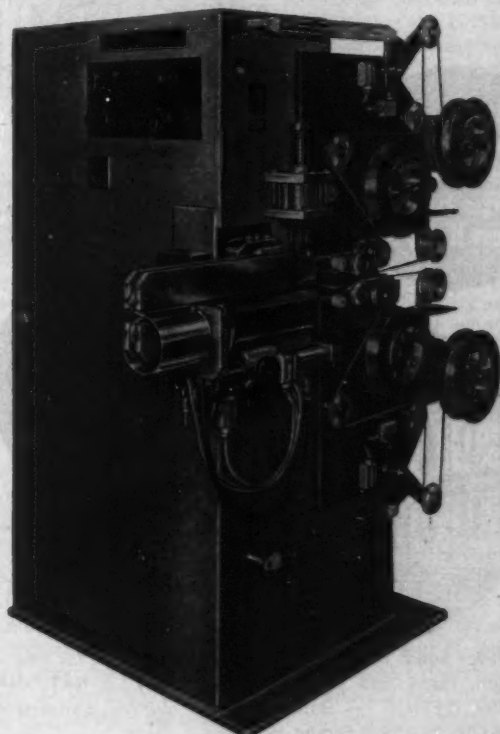
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# EASTERN WORLD

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March

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## New China Policy

CHINA, by her stubborn refusal to collapse, disappear or change her system of government, is forcing the international ostriches to pull their heads out of the sands and to think again. Japan's premier Ikeda announced last month that he was seeking better relations with China and the Soviet bloc in trade as well as in diplomacy, as the world has come to "a decisive turning point", and that the time had now come to pay attention to the problem of understanding between East and West. Similarly, Lord Home, Britain's Secretary of State for Foreign Affairs, boldly declared that international life required that Communist China should be seated in the United Nations.

It is unthinkable that two of America's faithful allies should make such almost rebellious announcements without firmly believing, or even knowing, that President Kennedy was of the same opinion. Indeed, the "irritated" reaction which Washington chose to display after these two statements need not be taken at their face value. If there is a commonsense approach by the new Administration in the US to what formerly was euphemistically called America's China policy, then there is no doubt that President Kennedy shares the views of his two prominent allies. It has been obvious for some time that the new President and his principal lieutenants are fully aware of the vital necessity of changing America's attitude towards China, but there are a number of good reasons why they hesitate to announce their views.

Public opinion in the US has, for years, been influenced in a direction which makes it a delicate matter to present it with a reversal of policy, however logical it may be. Further, while the spokesmen of the Kennedy Administration have agreed that any question of disarmament or of other major international importance would demand the consultation and participation of China, they realize the storm it would cause in Congress and in some sections of the US public if they were to support China's admission to the UN. Finally, they were aware of the most important obstacle of all, namely that this would demand a drastic *volte-face* in their relations to Chiang Kai-shek and his Formosan set-up. For it is clear that Peking would demand the expulsion of the Formosan delegation from the UN—which would be tantamount to America being forced to drop her Taiwan obligations. On the other hand, the voting mechanism at the United Nations is no longer controlled by the US, and it is quite possible that the Afro-Asian bloc, together with some other sympathizers might vote China into the UN, thus putting America before a *fait accompli* with all the loss of face this would entail.

It is, therefore, feasible to assume that Premier Ikeda's and

Lord Home's statement may have served as some sort of kite, to test American public opinion as well as the strength of the known pro-Chinese sections of it, and to get it slowly accustomed to the idea that the wind in international affairs is changing rapidly, forcing the United States to reassess its position. It is also quite likely that preliminary feelers have been stretched out from Washington for ideas as to what solution could be proposed to the Taiwan problem. With entirely changed conceptions of modern welfare and the additional risk of becoming involved in a suicidal Don Quixotry by Chiang Kai-shek, the proposition of sinking further endless billions of dollars into Taiwan may have become less attractive to Washington, and the real problem may be how to get rid of this excentric millstone around its neck.

Pending these considerations, the mysterious documents which prove ideological and tactical dissensions between China and the Soviet Union, have been welcomed by the West, and there are signs of fond hopes that the USSR may yet prove instrumental in influencing China to accept western proposals. Why, if Sino-USSR relations have worsened, this should be possible, has not been explained. Whatever the doctrinaire conflicts between those two big Communist powers, it would be wrong to assume that they would even abandon the strong position accorded to them by their united front towards the outside world. And it is certain that China will never accept any proposals concerning Taiwan which would even faintly resemble a "Two Chinas" policy, and that the USSR will never lend her support against China in this question. The search for compromise on this point is futile: Taiwan will have to be recognized as Chinese territory and the support from Chiang Kai-shek will have to be withdrawn before normal relations with Peking can be established by the US. The only concession China might be prevailed upon to make, perhaps with Soviet mediation, is to grant safe conduct to those who want to leave Taiwan.

## Absolute Democracy

THE world is looking with interest on King Mahendra's experiment in "true democracy". So far, his record in consolidating and founding democracy by all means which his latest proclamation announced as his aim, is really formidable: all political parties have been banned; the will of the electorate has been flouted as only three out of the nine newly appointed ministers represent the Nepali Congress which swept the elections, while politicians who did not get a single vote but lost their deposits are well represented; the two leading newspapers of Nepal have been suppressed and the remain-





Child's Play!

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ing ones warned that the same fate expects them if they dare to criticize the King's policy. Why anyone should expect them to be critical is a mystery, as we have it from no less unbiased source than King Mahendra himself that "the Royal action has been wholeheartedly welcomed throughout the country". It does not seem to have been welcomed in India (See Shankar's cartoon), where it is not believed that Nepal was "not ripe for democracy", nor in China, where it is thought that the country may no longer be ripe for absolute feudalism. To compare the King's action with President Ayub's *coup* is absurd, as there was no democracy in Pakistan, but only chaos and corruption, while B.P. Koirala, for the first time in Nepal's history, made a sincere and successful attempt to replace feudalism through democracy and to bring development to that impoverished country. In the meantime, Koirala is still in prison, his fate, like that of Nepal and of "democracy" being entirely dependent on the whims of one person.

## Laughter in Laos

THE practical jokers who, for the time being, style themselves the Laotian Government, are not taken seriously even by their own *entourage*. When Boun Oum's "Minister of Information", Bouavan Norasing, announced that Communist divisions and Battalions had invaded Laos, those present are reported to have burst out into "uncontrollable laughter". After this international bombshell had exploded, the Boun Oum administration admitted that it had invented this news "purely for internal propaganda". Its "jokes" seem to have gone too far even for Washington, although the Vientiane regime is the living and expensive outcome of US efforts. According to Congressional records (June 15, 1959), Laos is "the only country in the world where the US supports the military budget 100 per cent" at the cost of \$300 million since 1954. We may rest assured that since then the 25,000 strong Laotian army and the present set-up in Vientiane, has absorbed many more dollars. There is some indication that President Kennedy may cut short this Laotian honeymoon, as he expressed himself in favour of a truly neutral Laos in contrast to his predecessors who wanted a pro-western one. And though the US still recognizes Boun Oum it surely cannot continue to support him and his irresponsible authorities and may yet reconsider its relations with the forcefully exiled Government of Prince Souvanna Phouma who symbolizes Laotian neutralism.

## Tensions in Ceylon

THE Ceylon Government, having successfully eliminated the opposition to its schools bill, is now faced with the threat of prolonged agitation from the Tamil population. The Tamils in the northern and eastern provinces are agitating for the repeal of the act which makes Sinhalese the island's national language. According to the Minister of Justice, Mr. S. P. C. Fernando, the Government is only motivated by the desire to preserve the rich and ancient language of the Sinhalese people. But the leader of the Tamil Federal Party, Mr. S. J. V. Chelvanayakam, claims that the Government is planning "mass genocide on the racial, linguistic, and religious minorities by relentless persecution", and that it attaches no sanctity to its own assurances. As a protest against official policy, the Tamils are picketing all Government offices in their areas, and taking measures to prevent Sinhalese being taught in Tamil schools.

Will the language agitation collapse just as suddenly as the one launched by the Catholic church over the take-over of some of its schools? The answer depends on how much support the Federal Party can get from the Tamil population on the language question. Not all Tamils in Ceylon are supporters of the Party, but a sustained campaign on the issue of Tamil rights might succeed in closing their ranks. Mr. Chelvanayakam claims that the present Government has repudiated the pact he and the late Mr. Bandaranaike had made in 1958 by which Tamil would have been recognised as the language of a national minority and would have remained unchanged as the administrative language in the Tamil-speaking areas. What the present measure does is to recognise Sinhalese as the national language throughout the country, while allowing Tamil to be used as a subsidiary language, but with no national status. Tamil civil servants, whether old entrants or new, will now have to learn Sinhalese within a "reasonable" time, believed to be three years.

Neither side in the dispute has shown any desire to compromise. The Government, if it had made some conciliatory gesture, could have won the support of a large number of middle-of-the-road Tamils who disagree with the Federal Party's uncompromising stand. On the other hand Tamil civil servants might come to regard the change as inevitable, and go on cooperating with the Government. Tamil parents might follow their example and allow their children to be taught Sinhalese. Mrs. Bandaranaike's recent visit to India, where she spoke warmly in favour of Ceylonese-Indian friendship, could have the effect of gaining the confidence of moderate Tamils at home.

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# DANGER AND HOPES IN LAOS

DENIS HEALEY, M.P. (Spokesman on Foreign affairs of the British Labour Party)

THE present trouble in Laos all stems from the fact that John Foster Dulles never accepted the Geneva Agreement which laid down the conditions for peace in the area six years ago.

The furthest he would go was to promise that America would not use force to frustrate it. The Geneva Agreement, signed by Britain, France, Russia and Communist China in 1954, said that Laos should be a neutral state under a government which represented all sections of Laotian opinion, including the Communist Pathet Lao. Ever since then America has been doing her utmost to prevent the Agreement from being carried out. On three separate occasions American support for Right-wing generals in Laos has wrecked negotiations for getting Pathet Lao into the Government. The worst example was last autumn, when America armed the forces of General Phoumi Nosavan from neighbouring Thailand so that he was able to overthrow the neutral Government of Prince Souvanna Phouma, who has since fled to Cambodia. During this episode at least two battalions of Thai troops crossed the frontier into Laos.

It is not surprising, since Laos borders both on China and on the Communist state of Northern Vietnam, that the Communist countries should have given the same sort of aid to their comrades in Laos. Nobody denies the reports that Communist planes have dropped arms and instructors to the Pathet Lao forces. The situation today is like the Spanish Civil War, in which each side is receiving help from its political friends abroad.

The immediate cause of the present crisis is that although it had given the Right-Wing more than 300 million dollars' worth of aid, the Eisenhower Administration began to fear its friends might lose the Civil War.

But, as so often in the past, instead of changing a policy, which had been proved a failure, the Republicans began instead to think of doubling the stakes at issue by committing America's own forces to direct intervention in the Civil War.

As in a similar situation a year ago, there were inspired rumours that Communist Vietnam had sent its forces across the frontier into Laos. Last year a special committee of the United Nations investigated a similar rumour and found them to be baseless.

This time the Right-Wing authorities in Vietnam have publicly admitted that they made the stories up.

Some people in Washington seemed to think that America could quickly wipe out Communist resistance inside Laos without China intervening in the same way. They thought the same when they insisted on the United Nations crossing the 38th Parallel in Korea ten years ago. They are even more likely to be wrong now than they were then. Both China and Russia are now much stronger, and the new Communist line laid down in Moscow last month commits them to intervene themselves in such a local conflict if the Western powers intervene directly.

In other words, direct intervention by the United States in Laos would lead to direct intervention by China, too. We would then have a situation like the war in Korea. This would

be dangerous enough in all conscience. There would be no political or moral justification for American intervention, as there was in Korea. For geographical reasons, it would be far more difficult to keep war limited in Laos than it was in the Korean Peninsula. Moreover, it would be infinitely more difficult for America to fight effectively inside the land-locked state of Laos. Thus, there would be rapid pressure on America to double the stakes yet again by attacking targets in China and Vietnam as well. In fact, America would have embarked on a course in which the only alternative to a disastrous military defeat might be the destruction of the human race.

That is why the situation is so dangerous and why Mr. Gaitskell and I have insisted on keeping closely in touch with what the British Government is doing.

The first task facing Britain and the other Western countries at this moment is to prevent any direct military intervention by foreign forces in Laos.

Providing this is achieved, the next problem is to organise a peaceful settlement in Laos itself by a determined effort to carry out the terms of the Geneva Agreement. The first step towards this is to get back into Laos the International Commission consisting of India, Canada and Poland, which was set up at Geneva to see that the Agreement was carried out. This Commission should concentrate on encouraging the formation of a broad based Government in Laos to include the Communists as well as the Right-Wing. If this is not achieved it is difficult to see any end to the civil war short of partitioning the country so that the Communists and the Right-Wing simply hold on to the areas which their forces control.

Meanwhile, it is vitally important that Britain should not give formal recognition to the so-called Government of Prince Boun Oum, which was put into power by General Phoumi Nosavan in December with American arms and still controls only 10 per cent of the country. Quite apart from the difficulty of forming a Government of national unity if we have already committed ourselves to the Right-Wing as the legal Government of Laos, recognition of Boun Oum would play into the hands of those forces which want military intervention by the West. For under the SEATO Treaty Western intervention in Laos can only take place on the invitation or with the consent of the Laotian Government. Prince Boun Oum does not represent Laos as a whole—he represents one side in a Civil War which has now been going on for over six years. It would be fatal to give him the right to appeal for military assistance from the West.

The situation inside Laos is likely to remain difficult for months, if not years, to come. But now that the Republicans have left office without pulling down the pillars of the temple something good may emerge from confusion. For the crisis in Laos should deliver the death blow to the old Dulles policy of trying to hold up Communism in Asia by giving military support to the Right-Wing dictatorships. The New Democratic Administration under President Kennedy will be able to build a different policy for Asia on sounder foundations.

# Indian Emigration Overseas (1)

DEV MURARKA

INDIAN emigration, although it continued right up to the beginning of the Second World War, is specifically a 19th century phenomenon. Most of the problems which have been created by it are due to the nature of very special circumstances and conditions in which it took place. Often an impression is created that the Indian rate of migration is alarmingly high and even the bogey of Indian imperialism has sometimes been raised. But, if the large population and the poverty of India are taken into account the figure of a little over four million Indians abroad is not exceptionally high. Moreover, the dispersal of these emigrants is over such a wide area that in most countries they form a tiny minority, frequently persecuted and denied even the common rights of citizenship in their adopted land.

In fact, Indian emigration was artificially stimulated by the British administration of the day. Prevailing conditions in India also encouraged the Indians to emigrate even under the worst possible privations. At the time Indian emigration started, the country's economy was on the road to ruin due to the Industrial Revolution in England. Cheap goods from Britain were ruining the Indian handicrafts which were the backbone of her economy. The Colonial rulers not only used their political power to strangle Indian handicrafts, but pursued a fiscal policy which impoverished the country even further. A British officer wrote in 1830 that "a Land Tax like that which now exists in India professing to absorb the whole of the landlord's rent, was never known under any Government in Europe or Asia".

Added to these fiscal policies were the wars which the British, the French and the Indian Princes were incessantly waging for political supremacy. Under such unsettled conditions agriculture came to a standstill and in the course of the century eight large famines, besides small ones, occurred in the country. Lord Cornwallis was moved to assert that "One third of the Company's territory in Hindustan is now a jungle inhabited only by wild beasts." Caste and custom made mobility to new occupations difficult and widespread unemployment was the result.

These internal conditions coincided with an external situation which encouraged emigration. This was the era of European expansion into Africa and other non-industrialised territories which was made difficult because of the abolition of slavery. Cheap labour, which the plantations badly needed to keep going became scarce, and looking round for such labour, the colonists found that the Indians were good as cheap workers. The Indian Government was besieged by requests to allow emigration from the country. This desire for Indian labour, however, did not prevent the planters from maltreating them. The very first batch of Indian emigrants in Natal were ill-treated with such impunity that after an enquiry emigration was suspended between 1866-1874. It was resumed only when the Lieut.-Governor of Natal entreated the Indian Government to do so as Natal was otherwise threatened with positive ruin and a Commission declared, "In 1874 crops were rotting on the ground."

Demand for Indian labour became widespread. In South Africa, East Africa, South-East Asia and the Caribbean Islands, everywhere it was the same story. Indians became indispensable. This did not prevent their being treated callously. On one occasion 284 out of 697 emigrants on board two ships, on their way to Mauritius, died during the voyage. In 1956-57 the mortality rate during voyages to the West Indies was 17.27 per cent. Some emigration, particularly to Burma and Malaya, was not even voluntary and kidnapping for forced emigration was quite common.

This neglect and ill-treatment were not accidental. Throughout the sad history of Indian emigration there is one single thread: the European settlers' acceptance of the Indians as temporary

labourers but their rejection as equals or long-term settlers. Early in the 19th century, Sir Thomas Hyslop declared, "We want Indians as indentured labourers but not as free men." The same idea was echoed in a more forceful way in 1921, at a meeting organised to oppose any extension of political rights to Indians in Kenya. One of the speakers, Dr. Burdett, wanted segregation "for the sake of decency, morality, and public health!" He also wanted restriction of political power to Britons only because it was, "their Divine prerogative and responsibility".

The struggle of Indian emigrants, therefore, has always centred around two big issues, economic welfare and political rights in their adopted countries. Except for South Africa, they have been largely successful in their struggle and are beginning to take their proper place in society. But new problems have come up for the 700,000 Indians in Africa which require serious consideration.

## South Africa

Indians came to South Africa as indentured labourers. The "indenture" system was the nearest thing to slavery ever devised. Under it the labourer was bound over to work for five years at a fixed wage and had no right to change his job. At the end of the five years' period, he was free to re-indenture for another period of five years or take up work as a free man. At the end of ten years a labourer was free to return to India, passage paid, or stay on as a free citizen. Many chose to stay on.

The planters were not willing to let a man go after five years' work. By fair means or foul, they tried to keep these men longer as indentured labourers. Denial of passage money was perhaps the most effective way. At the same time, however, they were not willing to allow these unfortunate men to become free citizens. It was even suggested that legally the indentures should end in India so that at the end of their contracted period these men will be forced to go back to India. It was so monstrous a proposal that even the British officials in India called it the "sucked orange policy" to take the best years of a man's life and then abandon him. Nevertheless, they agreed that those who remained were to pay a tax. The only saving grace were the provisos that failure to pay tax could not be treated as a criminal offence and nor could the men be repatriated forcibly.

The subsequent history of the Indian question in South Africa is well known, and after years of struggle, the Indians there are still badly treated and have no political rights. Though they share these humiliations with the Africans, this has not prevented hostility between two races. Fortunately, recent events in South Africa are at last driving the two persecuted communities together, and ultimately the Indian problem can only be solved when the policy of *Apartheid* in South Africa is abandoned. Meanwhile, it is worth mentioning that most of the Indians there are now second or third generation South Africans, without contacts with India. Also, a new class of professional and trading people has established itself within the Indian community although a vast majority are still labourers or clerks.

## East Africa

In other parts of Africa, the situation is different. Although the Indians migrated to these countries under similar conditions, they have fared better, mainly because political developments in these territories have been entirely different and most of them are now on the verge of independence. The problem facing the Indians here is one of adjustment to the rapidly changing situation. Essentially, it is a question of relations between Africans and Indians.

As the distribution of Indian population in Africa, apart from

South Africa, is mainly in East African territories and as in these territories more or less the same conditions are prevailing, we can treat them as a unit.

The first remarkable feature about East Africa is the absence of any white artisan class, their role being played by Asians, most of whom are Indians. A section of the Indian community has also become rich and prosperous, by trading and money lending. This can be observed in many East African cities which give an overwhelming impression of being Indian in atmosphere. An Indian *duka*, a corruption of the Hindi word *dukan* meaning a shop, is more likely than not, even in remote corners of East Africa, to be the only source of supply of goods to Africans. Indians have also, by hard work, thrift and some element of favoured treatment from the colonists, advanced more rapidly than the Africans. They also retained their ties with India and thus were able to make their grievances felt through the political movements and the Government of India. All this has created a smouldering resentment against them among the Africans and it is beginning to take menacing forms, thus threatening the whole existence of the Indian community in Africa.

It must be said the Indians have been very short-sighted in Africa. Neither their treatment of Africans nor their political behaviour has won them the friendship of the Africans. The Africans see them as second-class exploiters and posing as a superior race. And the Indians have confirmed their worst suspicions by allying themselves with the Colonial power instead of the Africans. Often they have fought for their privileges at the expense of African interests. Finding themselves at the mercy of the European colonists, they courted them. In the short run it paid dividends but the price is being accounted for now. In the last two years there has been increasing hostility towards the Indians in Africa. Africans have attacked Indians, looted their shops and even organized effective boycotts of Indian shops. There were even reports of Indians leaving Africa for good. Moreover, the situation is complicated by economic factors.

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### INDIANS ABROAD

**MORE** than four million persons of Indian origin, including Pakistanis, are living outside the sub-continent of India. Three-quarters of them reside in the Commonwealth and the British Empire. The percentage of Indians in relation to the total population is given in brackets, so is the year to which these figures refer.

#### The Commonwealth

**Britain:** No exact figures available. Estimates vary from 60,000 to 100,000. Probably 80,000 is a more reasonable figure. A large number are students and there is no particular occupation to which others are confined.

**Ceylon (1957):** (12 per cent) About 900,000, nearly 80 per cent work as labourers on tea, rubber and coconut plantations.

**Fiji Islands (1956):** (47 per cent) 169,409, largely employed in sugar industry. Also a growth of professional classes.

**Malaya (1956):** (12 per cent) 740,036. Third largest community in the Federation. Mostly employed on rubber and tea estates. Indian emigration stopped in 1938.

**Mauritius (1955):** (67 per cent) 375,918, majority employed in sugar factories and plantations.

**Singapore (1954):** (8 per cent) 92,895, mostly labourers, small traders and white collar workers.

**Union of South Africa (1958):** (3 per cent) 431,000, biggest concentration in the province of Natal (12.5 per cent) and the Transvaal (1 per cent). Mostly plantation workers. A fair number small shopkeepers and clerical workers.

#### British East Africa

**Aden (1955):** (13.5 per cent) 15,817, mostly small traders and workers in the port. Nearly three-quarters are Muslims and claim to owe allegiance to Pakistan.

**Kenya (1954):** (2 per cent) 127,000, mostly traders and skilled workers.

**Tanganyika (1957):** (0.8 per cent) 65,365, mostly traders.

**Uganda (1954):** (0.95 per cent) 50,000, mostly traders.

**Zanzibar and Pemba (1948):** (5 per cent) 15,892, majority dependent on clove trade.

#### British Caribbean

**British Guiana (1953):** (46 per cent) 215,260, a self sufficient community but still predominantly engaged in sugar industry and rice farming. Indians are the largest community in the island.

**Trinidad and Tobago (1957):** (36 per cent) 26,700. Position almost identical with British Guiana.

**Other Islands:** There is a small number of Indians distributed on other Caribbean islands. As a separate community, however, they have no special significance.

#### Foreign Countries

**Burma:** Exact figures not available but estimated to be nearly 800,000. Occupation vary in different areas.

**Dutch Guiana (1955):** (30 per cent) 70,000, mostly plantation workers.

**Other countries:** All over the world a few Indians are to be found in almost every country. Their status varies but their number is too small to be called even a minority or to pose a problem.



The Africans see Indians blocking their way for jobs, trade and taking a lion's share of the economy.

It is also doubtful whether the Indians have learnt their lesson now. At last year's constitutional conference on Kenya, the Indian proposals were the least liberal. The Monckton Commission Report on the Central African Federation, for instance, states that the Asians (mainly Indians) giving evidence before it favoured

the continuation of the Federation. This is against the expressed wishes of the vast majority of Africans in the Federation. There is a Kikuyu proverb that when two elephants fight, it is the grass that suffers. In the clash between the Whites and the Africans, it is inevitable that the Indians in Africa will suffer. But they seem to invite it by inept political behaviour.

(To be continued)

## THE RISE OF THE TAJIKS

BY A SPECIAL CORRESPONDENT

THE face of Asia is rapidly changing, yet comparatively little is known about the great transformation that has taken place in Soviet Asia. Tajikistan, for example, has been converted during the past few decades from a barren, backward land of poverty to a rich and prospering country with industrial and cultural development still in full swing. From the isolated mountain fastness of the Pamirs, it has been opened up and is today as accessible by road, rail and air as any of the western parts of the USSR.

Flanked in the East by China, this Central Asian Soviet Socialist Republic lies North of Afghanistan and is parted from Pakistan and India by a narrow strip of Afghan mountains. Tajikistan 55,545 square miles slope down from the High Pamirs in the South (often called the "Roof of the World" as even the lowest valleys are 13,000 ft. high) to the low, lush plains in the North which form the base of its agricultural riches.

Tajikistan has been the scene of many important events in Asia's history. It was the site of battles of Alexander the Great, of Mongol incursions and of Arab communities which mined gold and silver in the Pamirs under the shadow of what is known today as Stalin Peak (24,590 ft.), the highest summit in the USSR. The Tajiks became a national, ethnical unit some 1,000 years ago. Their ancestors were such ancient Central Asian peoples as the Sogdians, Bactrians and Tocharians. They created their own individual culture and became skilful artisans and industrious tillers.

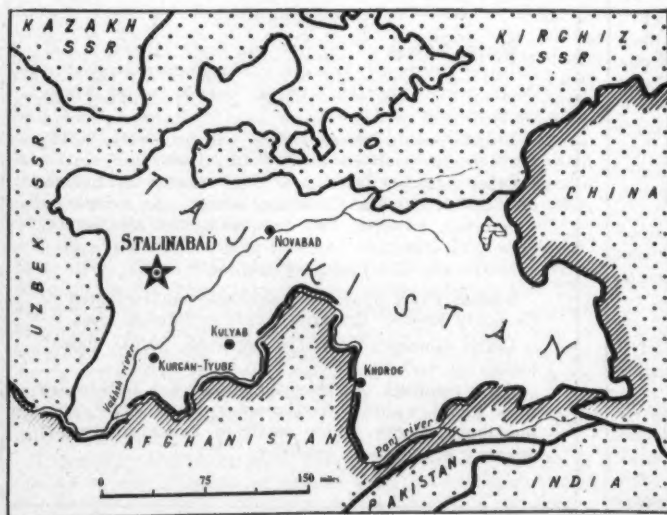
In some ways, the complete isolation of the country, which

made penetration so difficult, retarded its start of modernization also politically. For although Tajikistan became an autonomous republic soon after 1917, it remained under the administration of the Uzbek Republic until October 16, 1929, when it achieved full statehood as a union republic. During that period the Tajiks had to suffer under serious border clashes with the "Basmachi". These were counter-revolutionary troops which had been organized by the former Emir of Tajikistan who had fled across the border into Afghanistan after the revolution, which dispossessed the beys or local landlords. They were led by Enver Pasha, who called himself "Supreme Commander-in-Chief of all troops of Islam, son-in-law of the Khalif, the vice-regent of Mohammed". He was slain by Tajik forces and his bands routed by the Red Army, but for ten more years the remnants of the Basmachi under Ibrahim Khan continued to raid Tajik territory.


Today, the Tajik SSR is a sovereign state within the framework of the Soviet Union, and it is interesting to see what this entails. Tajikistan has its own constitution, adopted by its Supreme Soviet, has its own system of local state power, judicial system and methods of legal procedure, and its own criminal and civil legislation. The territory of the Republic may not be altered without its consent, and the sovereignty of Tajikistan is guaranteed by the right to secede from the Federation, granted to it by the Constitution of the USSR. It is also interesting to remember that, like the other Union Republics, it enjoys the right to enter into direct relations with foreign countries. The Tajiks decide all their internal affairs themselves, and direct their economic and cultural development. The Council of Ministers of the USSR cannot annul or revoke orders of the Tajik government.

It is exactly in the fields of economic and cultural development that Tajikistan seems to have accomplished wonders considering the short time at its disposal.

Large-scale irrigation schemes have brought hundreds of thousands of acres of virgin land under the plough. Tajikistan is growing about 500,000 tons of high-grade cotton today as compared with 30,000 tons in 1913, is one of the biggest horticultural producers in the USSR, and is at the moment spending 8,600 million roubles on adding 200 new industries to those already created at the expense of 10,000 million since the establishment of Soviet power. The village of Dyushambe, a few mud houses and a few hundred inhabitants, is today Stalinabad, the capital, with a population of 224,000 and a big industrial centre. And Tajikistan has one student to 118 people, compared to the British ratio of 1 to 526.







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# ASIAN SURVEY

## PROGRESS IN SARAWAK AND BRUNEI

*From Our Correspondent*

**B**ORNEO, with the Sultanate of Brunei and the British Colony of Sarawak which occupy less than a quarter of the island, looks a small and insignificant place on a map of the world; but it has a population of three million and is between five and six times bigger than England. There are vast areas of land that could be brought into cultivation, considerable mineral resources (iron, copper and gold) and the oilfields of Brunei are a major source of supply for South-East Asia. Nor is the strategic position one that can be neglected, since Borneo lies between the former colonies of Malaya, Singapore and Indonesia, the disputed territory of West Irian on the one hand, Australia and mainland China on the other. In this part of the world imperial fortunes were made in the past and considerable dividends are still paid by European firms working in the area.

But times have changed. In these smaller territories, as elsewhere in Asia, beneath the superficial calm, progress and economic prosperity one may detect strong currents of anti-colonialism, the first signs of Pan-Malayanism and the problems of the Chinese, whose ultimate loyalty to Malaysia is always slightly suspect.

A student, writing in one of the numerous magazines that flourish in the University of Malaya in Singapore, wrote in an article last month "The British colonialists, who are occupying Sarawak, North Borneo and Brunei, have made no definite programme to quit. The potential resources of the region are exploited to their maximum capacity while the sons of the soil look on askance but helpless. The wealth and prosperity of Borneo is shared by the aliens and colonialists. Trends of a divide and rule policy are developing. North Borneo is a Malaysian territory, historically, geographically, ethnologically and culturally." This is a statement that will be applauded in Moscow and Peking. It may be dismissed elsewhere as the immature opinion of a young man; but the young men in the universities today are the political leaders and government officials of tomorrow, and this is the sort of thinking that is going on in the minds of the literate and educated young men from Singapore to Sandakan. In recent months it has found public expression in Brunei and Sarawak. Referring to Sarawak's stability and prosperity in his speech to the Budget Session of the Council Negri in Kuching, Governor Sir Alexander Waddell mentioned recent investigations that revealed Communist organisations at work in Sarawak, referred to talk critical of British colonial policy and warned that the greatest danger to Sarawak's stability lay in "the encroachment of Communism". Some observers of the local scene believe that these labels, "subversion" and "Communism", solve none of the problems of which they are the manifestation and that the problems would certainly not disappear if there was no Communism. Realistic thinking demands recognition of the fact that the tide of nationalism,

which could quite possibly become anti-Communist, is running strong throughout South-East Asia, and it is often completely irrational, as one might well expect since it is the expression of immature and inexperienced minds.

An interesting example was provided in Brunei recently where the oilwells of the Brunei Shell Company are producing at the rate of 85,000 barrels a day for the refinery at Lutong in Sarawak. A new modern port will be in operation soon at Kuching, the Capital of Sarawak. At this port, which was itself the centre of an oil-producing industry before the war, seven of the 32 wells that have been closed since 1941 have been opened up again and six of them are producing in substantial quantities. The wealth from these combined industries brings prosperity to the two territories, Brunei and Sarawak, yet at the end of November 1960, the Brunei Legislative Council passed two resolutions:

(1) That the Brunei Petroleum Company should reserve and store for future use (in case the wells run dry) 10 per cent of the output at Seria. It would cost \$5 million (Malay) to store one year's reserve—13 million US gallons—and the value of the stored oil would be only \$2 millions. "We should force the company to pay for the construction of the tanks," said Inche Jamil bin Umar, who introduced the resolution.

(2) That the Shell refinery at Lutong (Sarawak) should be transferred to Brunei.

Here is a clear example of nationalism that is prepared to go so far as to kill the goose that lays the golden eggs.

Meanwhile, Brunei has been presented with its second political party, the Brunei National Organisation, established in opposition to the Brunei People's Party, and the first point in its programme is to "achieve independence for Brunei and territories which were separated from it" (i.e. Sarawak and North Borneo, the area and population of which are several times greater than those of Brunei). So far, about 700 persons have joined the new party which is open to membership by Malays born in Sarawak and North Borneo, and natives of the Borneo territories. This has caused something like an uproar in North Borneo, where one of the local newspapers pointed out that while the Brunei Government has taken strong measures to keep out Sarawak political influences from its territory, it apparently makes no objection to Brunei politicians enrolling members from Sarawak for their new party.

The British Colony of Sarawak, whose population of half a million is 12 times that of Brunei (and the area is 20 times as great), is enjoying enviable economic prosperity. This is reflected in the 1961 budget which provides for expenditure of \$68 million (Malay)—8 million more than last year, to be devoted mainly to roads and bridges, agriculture, public works and education. In fact education will receive an allocation

as large as any of the other items. This increased expenditure will probably produce a budget deficit this year which will be offset to some extent by revenue from Income Tax, introduced for the first time. Sir Alexander Waddell, the Governor, has said that it is regarded "not so much as a fiscal measure as a real test of social conscience." If this is so, then the social conscience to be tested is that part of it that exists among businessmen and large companies. The scale will be at the rate of 4 per cent on the first \$5,000, with an additional one per cent on each additional thousand up to \$20,000, after which 10 per cent must be paid, increasing at the rate of five per cent for every \$5,000. There will be, in addition, two other new direct taxes on business. The era of crude exploitation without significant or proportional contribution to the development of the country's services and education is clearly at an end.

An interesting sidelight on Sarawak's prosperity during the year 1960 is the income received by Dyak natives (estimated at \$30 million) from the sale of illipe nuts (engkabang), exported to chocolate makers who use the vegetable oil content as a substitute for cocoa butter. This is an irregular and unpredictable source of income because the nut trees, which grow wild, do not give good harvests every year. Last year, however, it enabled innumerable Dyak girls to have permanent waves in their hair, thousands of white teeth have been replaced by gold and there has been a record sale of sewing machines and outboard motors.

## China

### Triumph and Tragedy

*From a Special Correspondent*

The year ended for China in triumph and tragedy. Triumph came in the industrial field. It was announced that most of the targets for steel, iron, coal, electric power, petroleum, machine tools, and tractors would be fulfilled or over fulfilled. Particular mention must be made of steel output which will reach the figure of 18½ million tons, i.e. an increase of five million tons over the previous year. It has been indicated, however, that for the next two years a greater effort will be made to get different varieties of steel rather than increase production. Although output of consumer goods has continued to rise in general, goods of agricultural origin have fallen behind, due to shortage of raw materials.

The tragedy has come in the shape of natural calamities which have reduced agricultural production. 1960 has been one of the worst years in Chinese history for agriculture. Nearly 60 million hectares of land, about half of China's cultivable area, has been affected. Between 20 and 26 million hectares of land either produced little or nothing. Drought was the chief cause of this calamity and affected nearly every region. Typhoons and floods were next in causing damage. Eleven typhoons hit China last year and some of them were of exceptional violence and strength. Pests and plant diseases multiplied under such abnormal conditions and thus completed the ruin. Some commentators believe that peasant resistance to collectivisation also played some part, but this should not be overestimated. The crisis in agriculture affected production of semi-industrial material, and may seriously affect planning for the next few years.

The onward march of revolution, however, continues. A

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typical example is the report from Hulunbuis grasslands of Inner Mongolia, a region inhabited by 1.8 million people. In the last three years a number of communes have been set up there and a network of light industries established. As a result nomadic life is declining.

The recent statement of the Communist Parties after their meeting in Moscow, aroused widespread interest in China. Newspapers published full text of the statement and were sold out in no time. Many of them had to bring out special editions, so great was the demand. Soon the resolution was being discussed, commented upon and recommended at meetings and conferences.

To meet the emergency of food shortage and mitigate hardship, various steps have been taken. *Ta Kung Pao* has editorially called for the development of side occupations in the rural areas during the slack winter season. Winter ploughing was completed at great speed and more than 25.8 million hectares of winter fallow land prepared to be sown next spring. Various other emergency measures are under consideration.

A report by Panchen Erdeni to the Standing Committee of the National Peoples' Congress revealed the changes brought about in Tibet. Harvest has been good this year, 15 per cent more than the record harvest of last year. Land reform has been carried out affecting a population of 760,000 people, out of a total number of 800,000 who would be affected by it. Reforms are being extended in another area with 20,000 people.

Irrigation facilities have been improved. The first hydro-electric power station with a capacity of 7,500 kilowatts has been installed and a new one is being planned in the upper reaches of the Lantsang river.

The crisis in Laos has taken a great deal of space in the press and at meetings, but there is no sense of disaster about it. All the same China had a busy time in the field of foreign policy. Three agreements completed deserve special mention: First, an agreement signed with Indonesia to implement the Dual Nationality Treaty; secondly, a mutual friendship and non-aggression pact with Afghanistan; and third, a treaty of friendship and mutual non-aggression with Cambodia.

Cuba has taken a great deal of attention and a recent delegation from that country was promised an interest-free loan of 250 million roubles to be spread over a period of four years, from 1961 to 1965.

Television continues to spread. More and more people are buying sets or are given loans to buy them. The only difficulty is that as yet there are not enough transmitters, in spite of the 10 new stations which opened last year.



## Australia

### Line-Up on West Irian is Disturbing

*From Charles Meeking, Canberra*

The West Irian dispute between Indonesia and the Netherlands does not appear to contain the grave risk of possible world destruction (although Tunku Abdul Rahman of Malaya thinks it more dangerous than Laos) but for Australia it could mean major disaster if an armed clash occurs and spreads.

An assessment of the situation should include awareness that Holland and Indonesia will both doubtless seek to avoid being branded as the "aggressor" if fighting breaks out. But the build-up of arms on both sides is frightening. A line-up of those involved in the dispute or committed publicly concerning it is informative and disturbing:

*Holland:* Retention of sovereignty in West Irian until an élite can undertake self-government for the area and decide its future. There have been estimates that this would take ten years.

*Indonesia:* Immediate transfer of sovereignty to Indonesia, with West Irian becoming in fact as well as in name a province of the Indonesian Republic.

*Pakistan, Thailand, the Philippines* (all members of SEATO): Support for the Indonesian claim.

*India, Ceylon, Malaya:* Support for the Indonesian claim.

*China:* Support for the Indonesian claim, despite the dispute concerning the "overseas" Chinese in Indonesia.

*Russia:* Support for the Indonesian claim, coupled with the sale of planes and other armaments on a large scale to Indonesia.

*The United States:* Neutrality as before on the dispute, coupled with the sale of military transports and other material to Indonesia.

*Britain:* "No commitment of military support for Holland in the event of an armed clash." (Secretary of State for War John Profumo, in Singapore in January 1961).

*Australia:* An undertaking not to interfere in the event of a peaceful settlement, but continuance of the support given in the last decade to the Dutch holding of West Irian. No public commitments in the event of a clash. Some administrative co-operation, but a slower programme in East New Guinea towards self-government than the Dutch recognize as necessary in West Irian. The great unanswered question is what Australia could or should do if there is fighting.

Asia is now well aware of the background in Australian New Guinea, with a recent revolt of native soldiers, and segregation tales. The rebellion of 77 members of the Pacific Islands Regiment against their low wages (since increased) and the charging of a former Administration Officer with subversive utterances are minor matters in themselves, but heavy with portent in this context. Australians in New Guinea are feeling uneasy, and Australian investors do not fancy the economic prospects. A recent mission represent Australian manufacturers, employers, unions and the Government not only urged an early economic survey of the Territory but found the pace of development needed accelerating.

The Australian Government, conscious of all these facts and of the election looming at the end of this year, must also

be well aware of the condition of Australian defences after expenditures of about £A200 million annually for the last eleven years. Little is said officially on this subject, but an informed commentator recently raised the question as to the number of troops the Australian army could contribute at short notice if called on for a SEATO policing operation in South-East Asia. He concluded that only two of the ten groups in the two available divisions (of 14,000 men each) would consist of permanent troops, most of the rest being "weekend soldiers".

In the meantime, the RAAF is ordering Mirage III planes (to the annoyance of Australia's ally, the United States, no doubt), but it will be some time before they become available—or before a firm decision is made on whether they should be powered by Rolls-Royce or French Atar 9 engines. The RAN is now talking unofficially of buying guided missile-carrying destroyers at a cost of perhaps £A45 million. Naval strength is not impressive, and anti-submarine exercises have doubtless been assessed adequately by any prospective enemies.

## Burma

### Chinese Loan

*From our Correspondent in Rangoon*

Mr. Chou En-lai has come and gone over two months ago, but his shadow still lingers in Rangoon. His visit with over four hundred hand-picked Communist-indoctrinated Chinese has left a mark in Burma's politics and has also achieved a diplomatic success of some international significance. He is a shrewd mandarin. He did not forget to observe an ancient Chinese custom of leaving farewell good-will money with the neighbour he has visited. £30 million! Indeed—an interest-free loan and repayable in easy instalments by the sale of rice at £33 per ton which China will buy from Burma up to 350,000 tons during the current year and for the next five years as well to make up for domestic food shortages caused by two years of drought.

Will the loan gather a political significance in due time? China by this act now becomes Burma's patron, for by its size and influence in international affairs Burma may wisely acquiesce in peaceful co-existence and non-alignment to sustain her status of a Sovereign Republic in the community of nations.

Burma shares strategic frontiers with India, China, Laos and Thailand. It is a buffer state between Communist China and the pro-western Asian States. The Burmese have exchanged instruments of ratification of a border agreement for ending the frontier dispute and have also entered into a treaty of friendship and non-aggression with Peking which will prevent Burma from entering into any alliance directed against China.

Burmese national economy is very weak indeed. Political leaders are now faced with this desperate task as the country enters the 14th year of its Independence. Rice is still the chief export, but the fall in price in the open market is discouraging the ambitious development programme being conceived by the Government.

The Chinese loan will help Burma to buy Chinese machinery, consumer goods, textiles, paper and fertilisers. China will not therefore suffer strain in providing the loan but will in fact profit from the exports to Burma.



Peking has offered to pay the travelling expenses to and from China of the Chinese technicians for service in Burma and their salaries as well. This is a friendly act, for this agreement is indeed a departure from the usual practice of making the borrower pay for the service of the experts sent by the lender. Diplomacy and Chinese Ideology are twin-brothers. They thrive best in hungry Asia.

Burma is certainly on the move. In what direction is it moving? Peking may well be pleased with the recent visit of Mr. Chou En-lai to Rangoon for upholding the Asian solidarity based on the five principles of peaceful co-existence. But people are getting tired of politicians in Burma and are now seeking effective leadership within the country itself. U Nu's Union Party has made little headway even with the support of over two-thirds of the 250 seats in Parliament. Burma has had 14 years of Independence without any significant progress in the economic life of the country. She is trying to raise investment abroad with little success. The fault lies in the unstable economy of Burma, directly brought about by politicians who have placed and are still placing the interest of their parties before national prosperity.

## Malaya

### No Merger with Singapore

*From our Correspondent in Kuala Lumpur*

Malaya's eagerly-awaited second Five-Year Plan (1961-65) will provide for the expenditure of \$M 2,000 million—that is about twice as much as the first plan provided for. To finance it the Federation Government will convert part of its overseas balances. Foreign loans are expected to meet roughly a quarter of the total expenditure. In carrying out the plan the Federal Government will be helped by the State Governments who will turn over part of their surplus balances. Other funds will come from the surpluses of such statutory bodies as the Central Electricity Board, the Malayan Railway and the Penang Port Commission. Further finance will come from the Employees' Provident Fund, the Post Office Savings Bank and the Currency Board.

About \$70 million of the foreign loans are already available in the form of undrawn balances of loans previously agreed to by the World Bank, the American Loan Fund, the Colonial Development Corporation and the Brunei Government. Grants are expected from Britain and a number of Commonwealth countries.

The overall aim of the plan is to provide employment for an additional 340,000 workers during the five years of its existence. Rural development will get top priority with an allocation of some \$400 million. Expanded social services are also envisaged—during the period of the plan the population of Malaya will, it is estimated, increase by more than 1,000,000. Education and health services will get bigger allocations than under the first Five-Year Plan.

Meanwhile, on the subject of development but quite apart from the Five-Year Plan, shippers in Britain will be glad to hear that big improvements are envisaged for Port Swettenham. Recently there have been many complaints about delays at the port and as a result ships have been by-passing it and landing Federation cargoes at Singapore. The major aspect of the reorganisation plan, announced by the Minister of

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Transport, Inche Sardon bin Haji Jubir, is the decision that the port will be separated from the Malayan Railway (which at present runs it) and become a completely autonomous undertaking by 1964.

Speaking of the delays at the port, Inche Sardon pointed out that while it had been designed to handle 500,000 tons of goods a year it had dealt with 1,640,000 tons last year. To speed up operations, port equipment, including cranes, had been ordered to the value of \$M 325,000. It was planned to expand the port shed area by 5,000 square feet. Six new lighters were also on order.

While the Federation continues to bask in its prosperity and plan future expansion, there is one project the Government will not undertake—that is merger with Singapore. The Prime Minister, Tunku Abdul Rahman, has again made this clear, and told a group of visiting German journalists that merger with Singapore (what is meant, of course, is reunification) was not possible at the moment . . . "not because of the Chinese in Singapore but because certain elements among the Chinese are 'China-minded'." The People's Action Party Government in Singapore is composed of Malaysians and is Malayan-minded, and for the Tunku "The PAP is as good a Malayan Government as the Alliance is." The road to merger, he added, lay "ultimately in all the races in Malaya developing as soon as possible an undeniably Malayan outlook and loyalty".

The Federation Prime Minister said his Government believed in close cooperation with Singapore without effecting an actual merger. There are no barriers between the two countries, and Malaya still uses Singapore for three-quarters of her exports.

The Tunku's statement that there were "no barriers" between the two countries was no doubt seen in Singapore as less than accurate in view of the Federation's customs wall, but otherwise his statement was more conciliatory than previous anti-merger utterances.

It has been noted in Singapore that the last time the Tunku spoke publicly on the subject—in Canberra a year ago—he declared that merger was not possible because the Federation had a right-wing Government and Singapore a left-wing Government. Now he has paid a cordial and not undeserved compliment to the Singapore Government and at the same time made it clear that the Federation Government's opposition is not to the Singapore Chinese as a race but specifically to the Communist sympathisers among the Singapore Chinese. He has not, of course, opened the door to merger—far from it—but he has in a most statesmanlike manner made the Federation's official attitude much clearer than it has been

in the past.

Of passing moment has been the Tunku's announcement that after the Commonwealth Prime Ministers' conference in London in the spring he would visit the Malayan troops in the Congo and the statement, hard on its heels, that he had decided not to go after all. A wise decision—globe-trotting has its advantages; it also has its limits.

## Singapore

### ARTISTS and Culture

*From our Singapore Correspondent*

"SMASHED! A plot for Race War" screamed the headlines of the *Straits Times* recently and everyone then knew that the rumours that had been rife in Singapore for days beforehand had some substance to them. Mr. S. Rajaratnam, Minister for Culture, disclosed in the Legislative Assembly that the Singapore Government had smashed a desperate plot to precipitate racial riots between Malays and Chinese by arresting a handful of Malay desperadoes calling themselves the Angkatan Revolusi Tentera Islam Singapore (ARTIS). What it amounted to was this. A group of Malay fanatics had met secretly and had planned to start a *jihad* or holy war against the "infidel" Chinese. The name they used for their organization is a Malay one with an Indonesian flavour about it and it may be roughly translated as "The Singapore Revolutionary Islamic Army". The whole movement had religious undertones about it. An attempt had been made to arouse Malay feelings by alleging that the People's Action Party Government (PAP) was pro-Chinese in its sympathies and anti-Malay; the Malays were told to prepare for an attack on them by the Chinese; a rumour went round that a Malay member of the Singapore Work Brigade had been murdered by Chinese. It was the old story of the Malays (Islam), deeply conscious of the fact that they are a minority group in a predominantly Chinese city, and, on the whole, economically discontented, resenting the superior economic position of the Chinese (non-Islam). This is an old, old grievance, not, of course, confined only to Singapore or Malaya, but to the whole of South-East Asia where the overseas Chinese have settled in such large numbers. In Malaya, the problem is a chronic one which can only be solved by the bringing about of a true Malayan nation—that is, a society giving political, economic and social equality to all races domiciled in Malaya, whether they be Malays, Chinese, Indians, Europeans, or anything else. But as Mr. Ong Pang Boon, Minister for Home Affairs, put it "... For the Government to solve the communal problem is like walking on a knife's edge."

However, be this as it may, the Government has been asserting for some time that all was well on the inter-communal front, and the disclosure of this plot will serve as a timely reminder of a danger that has never been far away. It is true that inter-racial relations often give the impression of being harmonious but one does not have to dig down very deep to uncover fundamental (and often, of course, unreasonable and blind) differences. For instance, the distrust that exists, whether you like it or not, between the Malays and Chinese has been demonstrated by the abortive ARTIS plot; the dislike of Europeans is often evident in both Chinese and Malay faces;

and, all-in-all, one cannot help coming to the conclusion that inter-racial harmony still remains a pipe-dream of the politicians. The casual sojourner to Malaya's shores may perhaps take away with him an impression of inter-racial harmony but this placidity is misleading and masks underlying deep-rooted grievances and misunderstandings that only a mixing of blood (not a spilling of blood) can eradicate.

The uneasy atmosphere also manifested itself in the "Enright Affair" several weeks ago. "Robert Graves and the Decline of Modernism" was the subject of Professor D. J. Enright's inaugural lecture at the University of Malaya in Singapore. Professor Enright is a British poet, author, and critic, who now occupies the Chair of English at the University of Malaya in Singapore. In the introduction to his seemingly innocuous subject, he is considered, rightly or wrongly, to have jibed at the Singapore Government and people in his references to the futility of the Singapore Government trying to pressure-cook a 'sarong culture complete with pantun competitions' and to wipe out "yellow" culture. These are the words that Professor Enright used:

"These days national culture is something for the tourists from abroad—the real life of the country goes on somewhere else ... to try and institute a sarong culture complete with pantun competitions and so forth at this point in time would be as ridiculous as trying to bring back the maypole and the Morris Dancers in England. ... The important thing for Singapore and Malaya is to remain culturally open. ..."

Unfortunately, this was not the Professor's first attempt to joust with the Singapore Government on the question of culture. He did so also in an article which appeared in the *Malayan Undergrad*, the mouthpiece of the University Students' Union, in which he made it obvious that he did not think very highly of the Singapore Government's attempts to create a Malayan culture.

The Singapore Government was quick to reply. Professor Enright was summoned to an interview with Inche Ahmad bin Ibrahim, the acting Minister for Labour and Law, and Mr. S. Rajaratnam, Minister for Culture. The interview was conducted in Malay, a language with which Professor Enright, as he is a fairly recent arrival in Singapore, is unacquainted, and he was handed a letter (in English).

Now, Professor Enright may have been unwise in criticizing the Singapore Government, particularly in view of its hypersensitivity towards public criticism of its handling of affairs of the day, and particularly in view of its marked anti-white bias, but the letter which it gave him in reply needed a lot of beating for sheer boorishness and ill-manners. It started off by saying: "On two occasions you have used the facilities afforded to you as Professor of English to involve yourself in political affairs which are the concern of the local people. The Government has made it clear before and after the elections that it would not tolerate any alien like you who misuses our hospitality by entering the political arena." Then it went on to speak of "asinine sneers of beatnik professors" and said "you have arrogated to yourself functions and duties which are reserved only for citizens of this country and not visitors, including mendicant professors". Finally, it warned him in no uncertain terms that he either had to conform or get out.

By this time, there was a growing body of support for the Professor's right, as a University teacher, to say what he thought, not in support of his views, but in defence of his right to utter them. The student bodies of the University of Malaya in Singapore, Nanyang University, and the Singapore Polytechnic all expressed concern at the Government's

muzzling of free speech. But Professor Enright himself to some extent discouraged further developments by replying to the Government's letter, stating that he did not have the "slightest desire to comment on or interfere in the political issues of the country", and that "no sneers at Malay art or the Malay way of life as such were intended." The Government accepted his letter with a certain amount of ill-grace and said that if he had made this clear at the interview he had had with the two Government Ministers, there would have been no need to have rebuked him.

Then the Prime Minister (Mr. Lee Kuan Yew) touched upon the affair at a dinner organized by the graduates of the University of Malaya. He maintained that there was no intention on the part of the Government to restrict free speech on the part of teachers at the University but they would only be allowed to comment on matters touching upon current affairs and political questions of the day if they were local citizens and if the matter came within the purview of their specialist field of studies. "We are not going to stand for this kind of interference any longer from aliens," was the gist of what he said. But he adroitly side-stepped several questions that begged an answer. For instance, did not culture come within the purview of the Professor of English Language and Literature at the University of Malaya in Singapore? and so on. It remains to be seen whether the affair has yet ended.

## Korea

# Problem of ROK-Japan Relations—Ticklish but Soluble

*From a special Correspondent in Seoul*

Japan and the revolution-battered emerging Republic of South Korea are still enmeshed in the ticklish task of placing their relations on a firmer footing. Progress is slow, but indications are that despite some recent headlines to the effect that a team of would-be Japanese trade developers would have been mobbed by furious Koreans had not the Seoul authorities cancelled the visit, the chances for eventual success are good.

Preliminary discussions for "normalization" of relations were resumed after the year-end recess, with a 14-member ROK delegation which arrived from Seoul under the leadership of Dr. Yu Chin-oh, president of the Korea University whose students spearheaded the successful anti-Rhee April revolution. Talks were going tentatively, cautiously, but winningly. And then came the cancellation of the Japanese economic mission's visit, when the delegation was already on the airport ramp awaiting take-off.

The Korean press was critical of the Seoul Government's decision and called the action as "proof that the official position towards resumption of normal relations is still, to Korea's as well as to Japan's loss, too half-hearted". One paper even went so far as to say the trip was cancelled "out of unjustified fear that Korea would immediately become a colony of Japan's economy".

Most recently fresh hope has been instilled by the announcement from the moderate Minister of Commerce and Industry, Chu Yo-han, that trade restrictions vis-à-vis Japan had been partly lifted and the negotiations would start through the

Tokyo ROK delegations for the settlement of the \$42 million worth of frozen Japanese credits.

Perhaps the fishery controversy remains the greatest point of irritation. The Seoul Government has spurned a Japanese Government request for Japanese fishermen charged with violating the old Rhee Line. That shadowy line has cropped up in the Tokyo talks with Dr. Yu, who asked the Japanese to observe scrupulously the Line while negotiations continue, so that a favourable atmosphere may be ensured. But the Japanese insist that the Rhee Line is illegal internationally.

The ROK House Foreign Affairs Committee has passed a four-point resolution calling for settlement of "property losses and pains" inflicted on Korean residents in Japan during the 35 years of Occupation. Many Koreans demand "complete settlement"; others ask for "substantial settlement" and lump the issue with another sore point, namely Seoul's insistence that Japan return "stolen" Korean art treasures. The question is moot as to whether the Lower House, when in full plenary session, will go along with the resolution. Many here feel that shrewd Koreans know trade with Japan is "butter on the daily bread" and not merely proof that Japan seeks to dominate the Republic economically as once it did militarily.

Many in both countries would like to see trade and other relations normalized by April or May, at the latest. Koreans have shown willingness to modify their Rhee Line stance if Japan will agree to compromise on the matter of the ROK's property claim and some Japanese have said they would reconsider if their opposite numbers in Seoul would do the same. For Japan is anxious to start trade with the ROK and looks forward to the recent reform of the Korean foreign exchange system as helpful for bringing about eased com-

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But though economically both countries could have great use for each other, politically there is another problem: what will Japan do when called upon to recognize North Korea, and what will South Korea's attitude be to what Japan decides.

There are many thorny problems, but official quarters dare now to hope for positive results, especially in the light of a proposed exchange of visits this spring between influential Liberal-Democrat Party leader Bamboku Ohno of Japan and South Korea's vigorous Foreign Minister, Chung Il-hyung.

## Pakistan

### West Germany's Growing Influence

*From our Pakistan Correspondent*

Apart from the obvious excitement about Queen Elizabeth's visit, the main topic of conversation in official circles here has been the success of President Ayub Khan's visit to Germany, and the—perhaps exaggerated—hopes for economic assistance from that country. Pakistanis point out that after the war, Germany was one mass of ruins and ashes, and yet is one of the richest countries in the world today, and that if the Germans can rebuild their economy in such short a time, then it should be possible for any underdeveloped country, including Pakistan, to do the same provided it receives adequate assistance. West Germany, therefore, is taken at present by Pakistanis as both a model and inspiration, and is looked upon as one of the main hopes for assistance.

German articles have achieved a high reputation, and are greatly sought after in Pakistan. Pakistanis will buy German cars, cameras, radios, machinery and medical equipment in preference to that of any other nation. The economic influence that Bonn has on the Pakistani market can be gauged by the trade figures. From 1952 to 1959 the value of the total exports of Pakistan to West Germany stood at DM 990.84 million and that of West Germany to Pakistan at DM 1081.28 million.

Ever since the establishment of diplomatic relations with the Federal Republic in 1951, the Germans have found conditions most favourable and conducive for their continued economic penetration of the country. There has been a steady increase of cultural, economic and political activities. Pakistan

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signed an air agreement which grants gratis rights and facilities for the operation of international services and all visa restrictions have been abolished between the two countries.

The visit to Pakistan of Dr. Franz Blucher, the Vice-Chancellor of the Republic, in 1957 was a great success. He invited a group of Pakistani experts to Germany to study methods which could help them to build their economy. Pakistan thereupon sent a five-man delegation, which brought forth an offer of 50 scholarships for Pakistani technical students and paved the way for the appointment of Dr. W. Vocke as an Adviser to the Government of Pakistan on high finance. He studied economic conditions in the country and recommended that she adopt a "Bonus Scheme" to boost her exports. And since the inception of the scheme Pakistan's exports have appreciably risen.

After the visit of Dr. W. Vocke, Bonn's influence began to gather momentum. In November 1959 an Investment Treaty was signed between the two countries. The Treaty is considered very significant and unique since it is the first time that the Federal Republic has guaranteed protection and safeguards to private investors. It makes investment conditions very favourable and promises handsome profits.

For Pakistan the Treaty means that more German industrialists will be attracted to invest their money in the country. This will greatly accelerate her economic development plans. And Bonn viewed Pakistan as an area where investment was safe, and where there was no fear of seizure of private enterprise. The Federal Government reacted with a credit of DM 188 million for the development of eight major projects.

Finally, President Ayub's successful visit has further cemented the relations between the two countries. The Federal Republic has promised another loan of DM 150

million for the next two years to finance Pakistan's Five-Year Plan, in addition to the normal export credits. The loan is for 15 years with an interest of less than 6 per cent, and Pakistan can use it by buying from any nation she desires.

There seems little doubt now, that the Federal Republic will play a very important role in Pakistan's economic development. German capital, trade, aid and technical help will greatly increase, and Pakistan will look more and more towards Bonn.

For West Germany it is the beginning of a new era. She has established a foothold in Asia, and her success in Pakistan might induce other underdeveloped countries to follow suit, which in turn means more markets and an expansion of her influence. Could it mean the beginning of a bitter economic struggle amongst European powers for markets in Asia?

### Ceylon

## Economic Crisis

*From K. G. Navaratne, Colombo*

Ceylon is in for a period of austerity. The economic crisis of which financial experts warned but politicians took no notice in their preoccupation with the official language question, the takeover of private schools and other politically more rewarding matters is now fully upon the country. Inevitably, the Government has been forced to take stringent—and unpopular—measure to meet the situation.

Until about a year after the Korean war the country enjoyed a period of comparative financial stability. But then began a

spending spree, both by the Government and the private sector, whose inflationary impact has been the chief cause of the actual unprecedented crisis.

The flight of capital from the country, recurrent trade deficits due to a fall in export prices while import prices have remained at the old levels or gone up, and substantial imports of consumption goods have added to the general financial chaos, which has been reflected in the alarming drop in the country's external assets—from Rs. 1,194 million in 1956 to Rs. 495 at the end of last year.

To set the economy on an even keel the present Government, soon after it came to office in July last year, raised the duties on a wide range of imports ranging from cloth and non-essential foods to cars and petrol, increased the bank rate from 2 per cent to 4 per cent and generally cut down state spending.

In September, faced with the task of bridging a Rs. 469 million gap in a Rs. 2,000 million budget, the Government increased import duties still further, raised the income tax rate and for the first time imposed a tax on the professions. Now further restrictions have been imposed on imports and luxury spending.

Businessmen and industrialists reeling under the latest restrictions are strongly protesting. There is much dissatisfaction among the public, too, because of the increasing scarcity, and consequently high prices, of consumer goods.

The Government has called upon the people to readjust their way of life, fall in line with the plans for austerity and thrift and eschew ostentatiousness. Mrs. Sirimavo Bandaranaike, the PM, in an appeal to the nation, has stated there is no alternative if national rehabilitation is to be achieved, and a sagging economy revived.



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## Hong Kong

# The Walled Kowloon City

*From a Correspondent in Hong Kong*

Kowloon city, situated close to Kai Tak airport, occupies an area about 220,000 square feet and has a population of about 12,000 people. Its notoriety was mainly derived from the fact that it had been a centre for the peddling of narcotics.

This mysterious place is a labyrinth of 36 narrow, dirty, dark lanes lined with flimsy storied houses—altogether about 1,600 floors. This infamous 'city' used to look at day-time, until one year ago, like a plague-stricken village, with people sitting or loitering there as if under the shadow of death. Most of them were either drug-addicts, or connected with business in narcotics, prostitution or dog-meat.

This walled Kowloon city had its special seductive power under the glaring light of the evening, when numerous drug addicts from the other parts of Hong Kong flocked here for their satisfaction, and still more people, especially the young, were attracted to this 'paradise' for the same or other sensual pleasures and stimulants. According to informal figures there were once in this tiny place 70 dog-meat shops, 60 opium divans, 80 or 90 morphine dens, more than two hundred heroin stalls and seven or eight hundred prostitutes.

According to Chinese philosophy, things tend to go from one extreme to another. The world-wide bad reputation of this 'paradise' finally roused the Hong Kong authorities from inaction, and effective measures are being taken now to clear it up. Three police-units alternatively patrol the place, and keep down the activity of the secret society men, who had once complete control over the area. Thus, the walled city of Kowloon has now completely changed, and is really in a state of regeneration. Wholesome business begins to grow up more, amongst it two small weaving factories, elementary schools, and 25 "illegal" dentists.

One may wonder why the Hong Kong government so long tolerated such a state of affairs in an area in the midst of the city, which had, and still has, a special status. The answer is provided in the following quotations from the Sino-British treaty in 1896 concerning the lease of the New Territories:

"It is agreed that within the city of Kowloon the Chinese officials now stationed there shall continue to exercise jurisdiction except so far as to be inconsistent with the military requirements for the defence of Hong Kong. Within the remainder of the newly leased territory Great Britain shall have sole jurisdiction. Chinese officials shall be allowed as heretofore to use the road from Kowloon to Hsinan.

"It is further agreed that the existing landing place near Kowloon city shall be reserved for the convenience of Chinese men of war, merchants and passengers' vessels, which may come and go and lie there at their pleasure, and for the convenience of movement of the officials and people within the city."

It was the attempted absorption of this tiny place by the Hong Kong authorities that gave rise to the anti-British movement in China in 1948, and finally led to the burning down of the British consulate in Canton. After this incident the place was legally left a vacuum, and soon filled with all types of undesirable people; but now, with the evil influences cleared up, a healthy city life gradually grows up instead. However,

in spite of the arguments at the Hong Kong courts, claiming British sovereignty and jurisdiction over the area, the special status of the walled city of Kowloon is still in force. Thus, no resident there has to pay taxes to the Hong Kong government. Furthermore, it is only in connection with very serious crimes that the police enter the area and make arrests.

## India

# More Communalism

*From our Indian Correspondent*

The opening of a Canada-India Reactor, the second atomic reactor to be built at a cost of £7.5 million, marks an important stage in India's search for cheap power. The political controversy, however, about the desirability of investing in nuclear power continues. The people who would like India to remain an agricultural country with the minimum of industrialization, consider the building up of atomic power stations a wastage. Mr. Nehru, however, has pointed out that atomic energy is the only hope for the future.

Apprehensive of the growing alliance between the princes and the Swatantra party, the Congress is now seeking its own compromise with some of the more powerful princes. The Communist party is bedevilled by sectarian struggles within the organization. West Bengal, the stronghold of pro-Chinese Harekrishna Konar and others, has given up the hope of rallying support on the border issue. This does not prevent the West Bengal Communist Party leaders from charging S. A. Dange and General Secretary Ajoy Ghosh with revisionist ideas, a deadly sin in orthodox Communist eyes. Meanwhile the supporters of the Communist Party are wondering how much the factional fights are going to cost the party in the coming elections.

The widespread tribal unrest all over India is becoming a serious threat to peace. The deposition of the neurotic Maharaja of Bastar followed his threat of declaring his state independent and thus reversing the whole process of integration of princely states. The significant point about this agitation is that he was relying upon tribal support.

The hotting up of pre-election political manoeuvres has brought about a rise in communal temperature. The ugly spirit of hatred is being fed by right-wing Hindu fanatics matched by Muslim fanatics who have been lying low since partition. The first tragic results were to be seen at Jabulpore in Madhya Pradesh where so far 31 people have died in Hindu-Muslim clashes. In one horrifying incident, 14 people were locked up in a house and burned alive. Observers claim that the incident is not an isolated one and more riots may be expected in the near future. Various communal parties in the country are actively fermenting these riots.

The opponents of cooperative farming have suffered a minor but significant defeat with the decision of the Indian Government to go ahead with another large-scale mechanized farm. It will be established in the vicinity of Suratgarh in Rajasthan, where the first farm has proved to be an enormous success. Nevertheless, even left-wing critics point out that the success of one or two such farms is no solution of India's agrarian problem; and furthermore they maintain that cooperative farms are being used as show pieces to impress foreign visitors and hardly serve any other purpose.



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## Recent Books

**Revolt in Paradise** by K'TUT TANTRI (*Heinemann, 25s.*).

K'tut Tantri is the Balinese name of a young British woman artist who left Hollywood in the 1930's for Bali, where she was adopted into the family of a rajah, much to the annoyance of the Dutch authorities. Despite official obstruction and opposition, she lived as a Balinese, studying the life, language and customs of the people. For a time she ran a most unusual hotel, which was visited, amongst others, by Duff Cooper, again much against the wishes of Dutch officialdom.

When the war came, she was arrested by the Japanese as a spy, and endured solitary confinement, sickness and brutality at the hands of her captors. At the end of the war, inevitably she became involved in the struggle for Balinese independence.

The book is most interesting and exciting, but this is one case where the author might have sought professional help in putting her story on paper. However, her life's experiences make such a startlingly good story that any imperfections in the telling are easily forgiven.

**People of the Sun** by JOHN BLOFELD (*Hutchinson, 25s.*).

John Blofeld, already well known for his books on Buddhism, and for his absorbing autobiography, *The Wheel of Life*, is one of those Englishmen occasionally encountered in the East—a man who has succumbed almost completely to the charm and easy going tempo of life in the country of his adoption. In Mr. Blofeld's case, the country is Siam. He has lived there for many years and a great deal of his time, when not lecturing on English literature at the Chulalongkorn

University, has been spent in exploring the country.

He writes easily and vividly of his encounters with people of all kinds. Pony trekking to remote mountain villages, dossing-down in tribal huts, travelling in rickety buses along roads which hardly exist, he has acquired a knowledge of Siam and a great love for its people which is unique among Westerners. The characters he portrays in this book are composite ones, based on actual encounters with monks, scholars, princes and merchants—village headmen and primitive tribesmen—politicians and politics are carefully avoided—as he says in his introduction he "loves scholars and princes more than politicians"—and perhaps that accounts for his nostalgia for Siam's royal past, when the country was ruled by an absolute monarchy in magnificent autocracy. But faced with the results of the rapid and undignified "westernisation" which has changed the face of Bangkok, one can appreciate his point of view.

As a Buddhist, Mr. Blofeld can "feel" the part that Buddhism has played in the life of the country. "Nearly everything of great value which our minds and hands have produced stems from our Buddhist religion," said the abbot of a famous monastery. "Take away Buddhism and its works and you will have a Siam with scarcely any worthwhile distinctive features of its own—all that is lovable in Siam will perish, and we will become a third-class America, or Russia or China."

**Forests of the Night** by JACK DENTON SCOTT (*Robert Hale, 18s.*).

Big game hunting is not to everyone's taste, and a whole book devoted to accounts of the shooting, and in many instances the eating, of a veritable Noah's ark of Indian wild life, may not appeal to all readers. Nevertheless, of its kind this is an interesting and readable book, agreeably free of the old "pukka sahib" approach to India and the Indians. The author is a columnist for the *New York Herald Tribune* and this fact is reflected in the informal and chatty style. If, one day, we read that pickets appeared outside the *Herald Tribune* building, carrying posters saying "unfair to tigers", I, for one, should not be in the least surprised.

**Indonesian Society in Transition** by W. F. WERTHEIM (*The Hague and Bandung: W. Van Hoeve, Dfl. 17.50*).  
**Bali, Studies in Life, Thought and Ritual** (*The Hague and Bandung: W. Van Hoeve, Dfl. 19.75*).

Both these books are particularly valuable to the English-speaking student, because almost all scholarly studies on the subject of Indonesia hitherto have been in Dutch.

Professor Wertheim has provided a serious and detailed survey of the development of Indonesia and he traces the many influences, Christian, Moslem and Marxist that have helped to produce the profound changes in Indonesian society over a long period of time. The book is issued under the auspices of the Institute of Pacific Relations as part of the international research programme into contemporary Asian problems.

The second work is one of a series on Indonesia, produced by a committee under the chairmanship of Prof. Wertheim. It consists of ten studies on Balinese history, religion, thought and customs by a group of Dutch scholars, some of the essays dating from the 'twenties and 'thirties and some dealing with more recent developments. All of them, however, are available for the first time in English and offer a thoughtful and thorough explanation of life and tradition on that fabulous island.

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## ACCOUNTANCY

William Pickles, B.Com. The third edition of this, one of the best-known textbooks for accountancy students. The work has been generally revised; particular stress has been given to developments which have taken place in recent years and also to those recommendations of the Council of the Institute of Chartered Accountants in England and Wales which are of help to students.

37/6

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## Economics and Trade

# CONSIDERATION FOR HONG KONG NEEDED

THE ECONOMIC EDITOR

(Our Economic Editor, Mr. V. Wolpert, is at present touring the Far East)

**H**ONG KONG businessmen are, to say the least, upset by spectacularly growing UK imports of grey cloth from Spain and other South European countries.

What is the justification for increased imports from Spain, a country which does not even belong to the European Free Trade Association (the "Outer Seven"), while imports from Hong Kong are being curtailed, particularly as a very high proportion of Spanish cloth is *not* for re-export, but remains in the UK market?

If Great Britain, the motherland, shows the way how to make difficulties for the development of the Crown Colony's exports—and thus for its general economy, is it then surprising that the US and some countries of the European Common Market, which have no political or sentimental links with Hong Kong, are becoming Lancashire disciples in creating *artificial* obstacles for imports from Hong Kong?

These are the angry questions asked in Hong Kong, and cynics wonder as well whether the West would prefer to give aid to Hong Kong instead of trade, whether Hong Kong's economic

achievements are to be penalised, and whether the policy of liberalised trade is just to be used only when convenient.

The facts about Hong Kong's development during the last few years are really staggering. The number of factories has increased from 800 to over 5,000 and the colony has provided work for a sharply increasing population (at present over 3 million). Hong Kong-made goods account for 70 to 75 per cent of the Colony's total exports. A manufacturing centre has been established, when in the past entrepot trade was the main activity. The following table gives an idea of Hong Kong's economic development:

	1960	1959
	first 10 months of year	
HK imports	4,836	3,982
HK exports	2,393	1,838
HK re-exports	886	800

(all figures in million HK dollar)

The cotton industry occupies a prominent position in the colony's overall industrial and export activities, and far over one-half of the total exports is accounted for by the various branches of this industry. The criticism that too many entrepreneurs have been and are still joining the bandwagon of the cotton industry is met by the acknowledgment that Hong Kong is one of the few places in the world where the principles of free economy are still applied (the only important exception being the application of embargo regulations on exports to China).

That entrepreneurs are choosing an industry which has proved to be successful instead of experimenting with more doubtful propositions, is not then surprising. One may even add, that the restrictive practice on imports of Hong Kong grey cloth has contributed to develop the production and exports of cotton garments and provides another example of the resources of Hong Kong enterprise.

In 1960 Hong Kong exports of clothing of all kinds were at a monthly rate of about HK \$ 87 million (nearly £5.5 million) an increase of 35 per cent as against the 1959 exports.

During the first nine months of 1960 the colony exported nearly 3 million dozen shirts, including to the UK, the USA, West Germany, Canada, Norway, Sweden and many other markets. But here again there is the danger that the increased yardage used for garments will be deducted from the grey cloth quotas.

The Hong Kong Government continuous endeavour to improve and increase the water supply of the colony during the dry period (November–March) by building new rain water reservoirs are of great importance to the industry and the entire colony. A recent agreement with the Government of China provides for an annual supply of 5,000 million gallons of water from the Shum Chun Reservoir in China. Hong Kong will build a pipeline in the New Territories while the section within China is to be built by China herself, and Hong Kong will pay to China 23.4 HK cents for 1,000 gallons. The constant supply of water throughout the year will be of great benefit to the colony's textile finishing industry (bleaching, dyeing, etc.).

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## THAI STABLE ECONOMY

**T**HAILAND'S 1961 budget provides for an increase of expenditure and receipts amounting to approximately 900 million baht\* (over 15 million) as compared with 1960:

	1960	1961
	for first nine months	
Receipts ... ..	5,775	6,660
Expenditure ... ..	5,804	6,660

(all figures in million baht)

Of the receipts, 5.53 will come from revenue, 1.13 from loans and in the case of expenditures, education, economic services and defence will take between 16 and 17 per cent each, and social services nearly 15 per cent.

During 1960, the economy remained generally stable and there was a slight decrease in the cost of living. Foreign trade (combined imports and exports) increased by an average of 17 per cent. The trade deficit was reduced during the first quarter of 1960 to 824.8 million baht. The foreign exchange deficit fell by 519.5 million to only 33.5 million, gold reserves increased steadily and the exchange rate remained at 21.19 baht to the US dollar since last October.

The value of rubber exports was considerably higher than in previous years and actually exceeded that of rice, the traditional major export. Of the total, 41.7 per cent went to the USA and 25 per cent to Japan. Over a million tons of rice was exported, an increase over the previous year which compensated for the slump in prices. To secure the future market, an agreement has been signed with Indonesia to supply that country with 150,000 tons a year for the next three years.

The major imported commodities were machinery and transport equipment, iron and steel products, cotton fabrics, paper and paper board, tyres and inner tubes. The main sources of imports were (by value) Japan (26 per cent), USA (17 per cent) and Germany (14 per cent). The UK, Singapore and Hong Kong supplied between 6 and 9 per cent each of the total.

A six-year economic and industrial plan, scheduled to start this year, provides for large-scale road building, several industrial enterprises (including the expansion of gunny bag manufacture to meet the planned increase in exports of agricultural products), and

\*£1 = Baht 58.

expansion of electric investment—from 63 to 816 million baht from abroad, but investment from domestic sources declined, from 1,630 million baht in 1959 to 361 million in 1960 (1960 figures are for nine months only).

During the Six-Year Plan period, the Phumipol hydroelectric station is to be completed, and a preliminary survey will begin shortly for a combined hydro-electric irrigation project in northern Thailand, in the valley of the Pong River, a tributary of the Mekong, which separates Thailand from Laos. In November last a contract was signed between the United Nations and Rogen International Corporation for a \$310,000 survey report. \$225,000 was supplied by the UN Special Fund while \$85,000, in services and local currency, is to be provided by the Thai government. Last September, a team of engineering geologists led by Mr. I. Falconer of the Australian Snowy Mountains Hydro-electric Authority arrived in Thailand to start a 2-year Colombo Plan geological investigation of two dam-sites. Work is already in progress (collection of hydrologic data, ground and aerial surveys, investigation of possible dam-sites) along the entire Mekong River from Burma to its mouth (See EASTERN WORLD, December 1960, p. 20). It is hoped eventually to improve navigation of the river from the delta up to Phnom-penh.

Another important undertaking in northern Thailand, completed last year, is the Mae Moh lignite processing plant valued at \$200,000 and given to Thailand by Australia under the Colombo Plan. This plant produces 1,200 tons of lignite a day (processed) to supply fuel for an electric power station built with American aid, a few miles away.

This station is intended to supply electricity to Chiangmai and other northern towns. Nevertheless, over two-thirds of the lignite produced will go to Bangkok, to feed the power station there and provide domestic cooking fuel, which, it is hoped, will provide a cheap substitute for the traditional charcoal. Meanwhile, Australian geologists are examining the possibilities of opening up another lignite field, at Krabi. The Mae Moh field is being worked by the opencast method, using equipment manufactured by Scotts of Queensland, and Australia has also supplied Diesel shunting locomotives and trucks. About 100 25-ton railway wagons will arrive in Bangkok from Australia this year, to be used in the transport of the lignite from the north to Bangkok.

### CONSIDERATION FOR HONG KONG NEEDED (continued)

#### Diversification of industries and markets

There is a certain tendency for the diversification of industrial activities in Hong Kong, but it is a slow process, particularly as the colony has to import most of the raw materials. However, the traditional precision workmanship of Chinese workers is a big asset for all new industrial activities.

The exports of plastics goods, including toys and flowers, have been developing to a large number of markets satisfactorily, but are still small compared with the cotton goods exports. There is an influx of capital from various Far Eastern countries into Hong Kong, and in some cases the participation in Hong Kong industries also takes the form of supplying the "know-how". In the engineering field the shipbreaking industry has been enjoying boom conditions. Westinghouse of America made a licensing agreement to assemble and later build airconditioning units and refrigerators in Hong Kong. Japanese firms have been showing interest in the production of transistorised goods, and on the whole Japan's interest in Hong Kong has been increasing. Recently a Japanese department store was opened; delegations of leading Japanese firms are visiting Hong Kong regularly and exhibitions of Japanese goods are frequently held. The recently completed

Shiro Precision Works have been equipped with up-to-date Swiss precision machine tools.

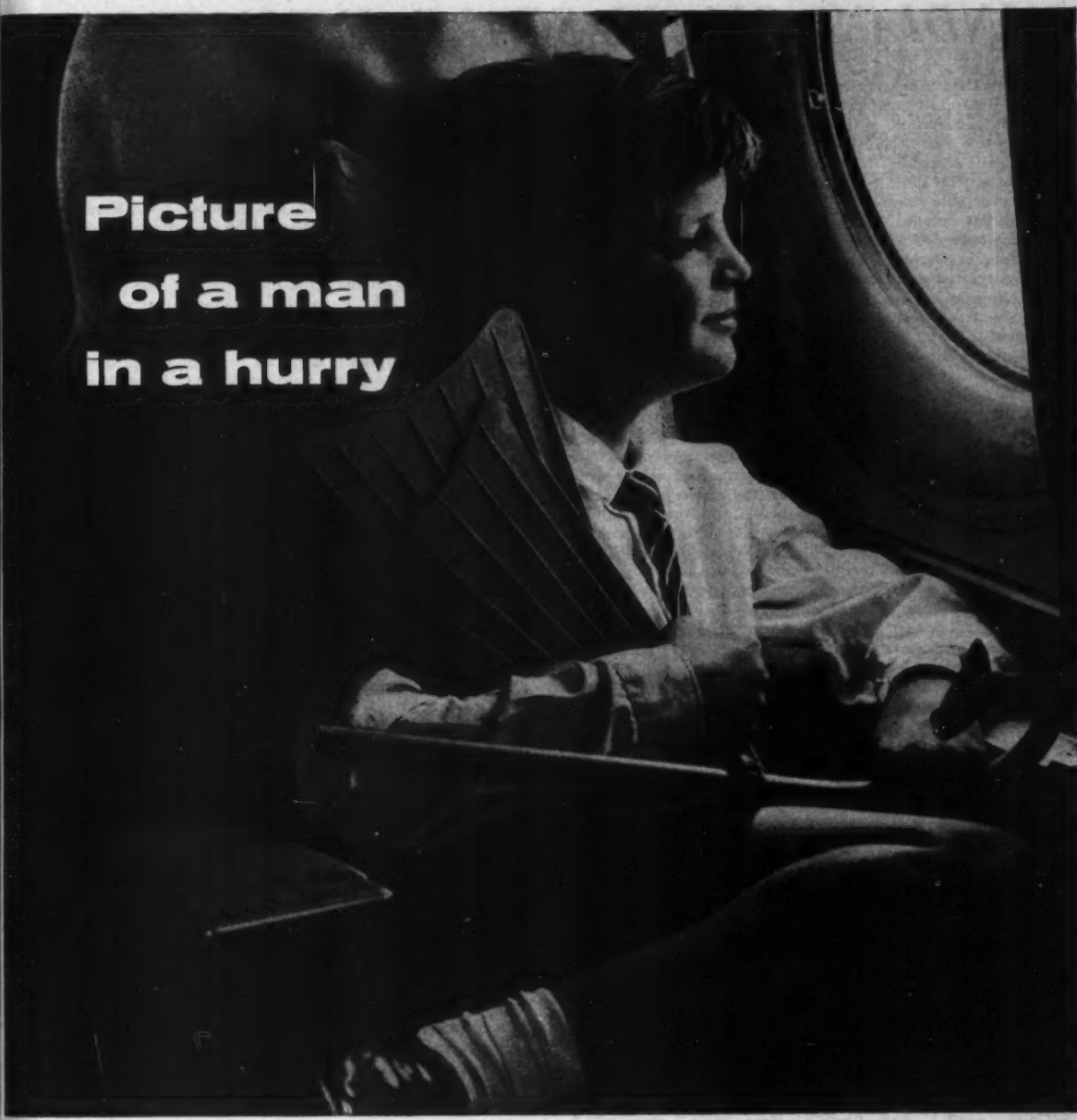
Hong Kong authorities support the endeavour to diversify the outlets of the colony's industries by participating in various overseas Fairs, and recently a Government Trade Office was opened in Australia. Here again, it is a slow process but good results have been already achieved in some West European markets (partly as a result of participation in various west European fairs during the last few years) and there is also a marked tendency of supplying higher quality goods in accordance with the requirements of some new markets in that region.

Hong Kong continues to show its virility. The building activities are buoyant, new hotels are being erected to meet the growing tourist traffic, an important industry which has catered for over 160,000 persons last year.

However, Hong Kong businessmen grumble about the artificial restrictions imposed by some countries on imports of Hong Kong goods, and voice their justified grievances in unmistakable terms—and at the same time continue to increase the colony's industrial production and to look for new trading possibilities. But a little more understanding in the United Kingdom and some other industrialised countries for the achievements and problems of this progressing community would be a good thing.



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# INDIA'S SMALL-SCALE INDUSTRIES

**F**OLLOWING the recent meeting of India's Small-Scale Industries Board at Chandigarh, the Fortnightly Review, the organ of the Federation of Indian Chambers of Commerce and Industry, wrote that "there is broad unanimity of opinion in the country today regarding the significant role of small-scale industries in the general scheme of economic development" and referred to the considerable headway achieved by the small-scale industries during the last decade. At the Chandigarh meeting the following three points emerged:

1. The time has arrived when the growth of small-scale industries must be conceived and planned on a selective basis;
2. The allocation in the Third Plan for small-scale industries must be substantially increased both in the light of performance and requirements;
3. A common production programme, that is to say, the areas of development and production of the larger-, medium- and small-scale industries must be thought of in greater detail and the conclusions implemented with vigour.

According to the Fortnightly Review there is "considerable need for planning the development of small-scale industries", and it is emphasised that "it would be necessary to keep uppermost in mind the basic role that these industries should perform in the context" of India's economy in general, and that "small-scale industries should serve as the main vehicle of carrying industry to relatively backward areas". The Small-Scale Industries Board has already appointed a Committee to lay down criteria for determining backwardness and also to recommend the various concessions to be granted to such industries. The Review considers that "in this connection emphasis should be placed on opening up underdeveloped areas through the provision of basic facilities such as roads, water supply, post offices, telephones, etc.," and that the supply of electricity must be added to these basic facilities, whereby in the development of the backward areas, it would be desirable, in the first instance, to concentrate on regions which are contiguous to comparatively developed areas.

Among the main problems which are to be solved in order to prevent a slackening of the pace of the development of small-scale industries are the widespread shortage of raw materials (certain types of iron and steel goods and non-ferrous metals) and an inadequate power supply. It was stressed at the meeting that better facilities for hire-purchase schemes to acquire machinery by small-scale industries were imperative. It appears that the Indian authorities are aware of these problems (even if the Chandigarh meeting felt that not enough was done to promote the small-scale industries), and that intermediate arrangements for supply of raw materials (until the indigenous production is stepped up) are under

consideration. In the case of power supply the Indian Government, it was disclosed, was trying to arrange for installation of complete diesel stations through the assistance of the US Technical Cooperation Mission, while a certain number of diesel sets might also be supplied by private manufacturers in India during the Third Plan. Certain assistance to the small-scale industries has also come forward from the US Development Loan Fund which has recently announced a loan of US\$ 10 million to the National Small-Scale Industries Corporation to be used in the operation of a hire-purchase scheme. In addition, US Government is considering a possibility of financing the supply of non-ferrous metals.

In a country, like India, the development of small-scale industries is complementary and not contradictory to the establishing of large-scale industries units, and there are various possibilities for highly-industrialised countries to assist in the development of small-scale industries (see EASTERN WORLD, December 1960—New Technical Aid for Developing Countries). In the developing countries there is a growing interest in ordering "turn-key" small- and medium-sized industrial units (some East European countries have been recently offering standardised "turn-key" factories), and the western experience of industrial (or trading) estates could be utilised by concentrating several units of this type at selected sites. The selection of such sites would have to be carefully planned not only in view of purely economic considerations (e.g. neighbourhood of raw materials supply) but also taking into account politico-sociological problems, including the promotion and geographical spreading of industrial activities into remote areas, and thus avoiding the over-concentration of industries in some areas (various highly industrialised countries possess underdeveloped districts, and belated attempts are being made to rectify these discrepancies—a legacy of either unplanned or wrongly planned economic development in the past). To learn from these experiences and to apply the lessons to the specific conditions of their countries is a challenge to the economists of developing countries.

## Industrialists Speak . . .

### SHOES FOR THE FEET OF ASIA

**M**R. L. RAE, Joint Managing Director of Utrilon Industries (UK) Ltd., London, told EASTERN WORLD that negotiations are in progress for the establishment of production of Utrilon shoes in several countries of Asia. The Utrilon injection-moulded plastic shoes and sandals are already manufactured in Britain, USA, France and other western countries as well as in Australia, South Africa and Nigeria, and a factory in Ghana is to go into production shortly. Mr. Rae declared that "it has long been recognised by us that most countries in Asia and Africa prefer to manufacture their own Utrilon shoes rather than to import them from UK or other countries, and Utrilon Industries, in conjunction with Industrial Synthetics, have, therefore, combined to provide a service in this field. Utrilon Industries do not only manufacture the special machine, moulds and the raw materials for the production of these shoes, but provide a full service for the introduction of this industry to any particular country, starting with a market research regarding the specific requirements of that country and taking into account the climatic conditions. Engineers from the countries, where factories are to be opened, are invited to come to the main factory in London to study the methods of production. The new synthetic footwear, manufactured by Utrilon, is moulded in one piece, is hardwearing, cool, comfortable, lightweight and economical. They are washable and can even be sterilised which is an important factor in footwear hygiene for hot climates, and are manufactured in a wide range of colours."

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## Czechoslovakia Helps Asian Development

**D**URING the 15 years which have elapsed since the end of World War II Czechoslovakia has experienced great progress of her economy by adding to her established consumer goods industry a new powerful heavy industry which has classed her among the most developed industrial countries of the world. This change-over of economic structure was realized in the matter of a mere ten years—from 1948 to 1958—during which period the volume of Czechoslovak industrial output increased threefold, while that of her trade doubled its former value.

Today, Czechoslovakia is one of the leading manufacturers and exporters of engineering products and her industry is capable of producing the most complicated machinery for the majority of industrial sectors, and the development of her economic potency has led to the expansion of her commercial relations with all countries of the world. Czechoslovakia's economic stability and potentialities make her a good trading partner especially for the economically less-developed countries of Asia.

In recent years Czechoslovak foreign trade corporations have delivered to developing countries of Asia, Africa and Latin America not only a great number of modern equipments for the heavy processing industry, but also a considerable number of smaller complete industrial plants. Czechoslovakia further assists in putting into operation all the complete factories she delivers to these countries, furnishes the necessary technological experience and help, and trains local workers in both the technical process of production as well as the manipulation and maintenance of the equipment supplied.

### Trade with India

The cooperation between Czechoslovakia and India is of great interest. Both countries complement their economic needs by their mutually advantageous trade. Indian products are finding in Czechoslovakia a safe, long-term market which does not suffer from fluctuations and thus provides for India an opportunity of ensuring the necessary means for the purchase of machinery and complete industrial plants. The mutual exchange of goods and scientific-technological cooperation between the two countries have been developing from year to year. Czechoslovak exports to India increased threefold in the period between 1955 and 1959. During the same time Czechoslovak imports of Indian products more than doubled. The biggest share in the exports to India was taken up by products of the engineering industry, which by 1959 amounted to 80 per cent of the overall volume of Czechoslovak exports to India, as compared with 48.4 per cent in 1956. As a counter-value of her exports Czechoslovakia purchased in India iron ore, which in 1959 amounted to approximately 600,000 tons, Czechoslovakia became the second largest customer of this raw material after Japan.

Of the industrial plants delivered in recent years to India, the most interesting are three cane sugar factories built in Panipat, Dergaon and Madurantakam, steam power plants in Surat and Rajkot, and a factory for the production of bicycle chains.

At present there are under construction a cement works in Churk and another one in Madras, a plant for the production of H.T. Insulators in Patna, and a metallurgical engineering works in the State of Bihar, one of India's most industrialized states. In addition to the mentioned plants, India is preparing in cooperation with Czechoslovakia the erection of plants for the production of motor-car pneumatic tyres in Calcutta, a factory for the production of Jawa motor cycles in Bangalore, and a factory for the production of the Zetor-Super tractors in Bombay.

Apart from deliveries of complete industrial plants and other engineering products, such as, for example, machine tools, diesel power units, steam engines, wagons, etc. Czechoslovakia also provides India with technical assistance. The production of new machinery equipment is introduced with the help of Czechoslovak

designers and technicians, like in a plant in Walchandnagar which produces 40 per cent of the machinery for cane sugar factories. In addition to this, approximately 50 Indian scholarship-holders and technical cadres are studying in Czechoslovakia and preparing at schools and in factories for the future tasks that await Indian economy.

### Relations with other developing countries

Czechoslovakia is just as successful in helping other developing countries. Recently she has delivered to Indonesia, among other things, a rubber factory and an enamel factory to Djakarta, an ice-making plant to Sumatra, one textile factory to Bandung and one to Bogor, and a hydro-electric power plant to Timo. The Indonesian workers in the above-mentioned plants are being trained by over 50 Czechoslovak technicians.

In Afghanistan, Czechoslovakia has built, and is at present building, cement plants in Gjebel Sarajia Pol-i-Khomri, a cannery and a telephone exchange in Kandahar, an oil extracting plant in Mazar-i-Sherif, and a new slaughterhouse in Kabul. In Pakistan, she has almost completed the construction of a new cement works in Daukhel, and in Ceylon she has erected a sugar factory. In Cambodia, she has built a thermal plant and in Burma a rubber factory.

In all these places Czechoslovak technicians worked during the construction of the plants, and students from these countries can enrol at Czechoslovak trade schools and universities as well as for practical training and practice in Czechoslovak industrial plants. In 1960, apart from the above-mentioned Indian students, there were in Czechoslovakia 80 students and trainees from Indonesia, in addition to a large number from many other countries.

There is great scope for the cooperation between Czechoslovakia and the developing countries. It is felt that it must be still increased in future and must acquire a more complex character. Even though the mutual and constantly growing exchange of goods will remain its focal point, this cooperation should be further extended in the fields of scientific technological activities, in planning and in agriculture, geological research, ore mining and transport.



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## US LOANS TO JAPANESE STEEL FIRMS

JAPAN'S steel industry having rehabilitated its war-damaged production equipment during the first five years after the war, has been engaged in a number of modernisation and expansion programmes since 1951, and in 1959 Japan's crude steel output reached the record figure of 16.6 million metric tons (as against 12.1 million tons in 1958).

Recently the World Bank together with American institutional investors have made new loans to two leading Japanese steel manufacturers.

In the case of the **Kawasaki Steel Corporation**, the First Boston Corporation joined the World Bank in a simultaneous transaction to provide \$10 million to this private Japanese company. The First Boston Corporation, acting as bankers for Kawasaki, has privately placed with institutional investors \$4 million of Kawasaki notes. The World Bank made a loan equivalent to \$6 million to the Japan Development Bank, which will relend the proceeds to the Kawasaki Steel Corporation. The funds will be used to finance part of the cost of installing a plate mill and auxiliary facilities at Kawasaki's works located at Chiba, near Tokyo.

The Kawasaki notes are unsecured direct obligations of the company. They are for a term of ten years and bear interest of 7½ per cent.

The World Bank loan to the Japan Development Bank is for a term of 15 years and bears interest at the rate of 5½ per cent annually, and the loan is guaranteed by the Government of Japan.

Kawasaki is one of the largest steel companies in Japan. In recent years it has produced 7 to 9 per cent of the total Japanese output of rolled steel products. Last year it accounted for about 18 per cent of total Japanese sheet production. The Chiba plant, the company's main works, is now one of the most modern and efficient plants in the country. This is the third World Bank loan for construction of new facilities at the Chiba works. A loan of \$20 million made in December 1956 helped to finance a semi-continuous hot strip mill and a cold strip mill, and a loan of \$8 million in January 1958 was for a blast furnace. Both plants are in operation.

The modern plate mill being financed by these recent borrowings is needed by the Kawasaki corporation to replace obsolete equipment. It will have a nominal annual capacity of 600,000 tons replacing facilities having a capacity of 400,000 tons. The project is part of a programme to expand and modernize Kawasaki's production facilities to increase annual blast furnace capacity from 720,000 tons to 1,260,000 tons, and steel ingot capacity from 1,600,000 tons to 2,300,000 tons. In addition to reducing production costs, Kawasaki will be able to improve the quality and range of its finished products.

Kawasaki has already spent over \$40 million on this programme; the company's total financial requirements during the two years ending April 30, 1962, will amount to an estimated \$52.6 million. The present borrowings will cover \$10

million of the required finance; the remainder will be met by a \$2 million loan which Kawasaki recently obtained from the Hanover Bank in New York, \$34.6 million from retained earnings and depreciation, and \$6 million from debentures to be sold in Japan.

In the case of **Sumitomo Metal Industries Ltd.**, another of the Japanese six major integrated steel producers, Kidder Peabody & Co., Incorporated joined with the World Bank in a simultaneous transaction to provide it with \$12.8 million—Kidder, Peabody & Co., acting as bankers for the Sumitomo company, privately placed with institutional investors, \$5.0 million of Sumitomo notes. The World Bank made a loan equivalent to \$7 million to the Japan Development Bank, which will relend the proceeds to the Sumitomo company. The funds will be used to finance part of the cost of a hot strip and plate mill, a welded pipe mill and other facilities at Sumitomo's steel works at Wakayama in central Honshu.

The Sumitomo notes are for a term of 14 years and bear interest at 7½ per cent annually; they are guaranteed by the Sumitomo Bank Ltd.

The World Bank loan is for a term of 15 years and bears interest of 5½ per cent annually, the loan being guaranteed by the Government of Japan as well.

Sumitomo produces about 6 per cent of the total Japanese output of rolled steel products and is the leading manufacturer of steel pipe and tubes. In the past year Sumitomo's plants accounted for about a quarter of Japan's total output of pipes and tubes. The company is now engaged in building a modern integrated steel plant at Wakayama in the Kansai district, and a World Bank loan of \$33 million made in June 1958 is helping to finance the construction of a blast furnace and blooming mill at that plant.

The proceeds of these recent borrowings will be used by the Sumitomo company for the construction of an 80-inch semi-continuous combined hot strip and plate mill, a medium-sized electric resistance welded pipe mill, the expansion of blooming facilities, and power, water and transportation services. These facilities are designed to extend the range and quality of the company's welded pipes and to provide it with flat products needed for pipe making. They will increase the company's annual capacity for pipes and tubes from 398,600 tons to 518,600 tons and for hoop, plate and strip from 216,000 tons to 600,000 tons.

The projects are part of a programme of modernization and expansion in which the Sumitomo company is currently engaged. The financial requirements of the company through March 1963 are estimated at the equivalent of about \$160 million. The Sumitomo company expects to meet the cost through the \$12.8 million from the present financing, \$11.7 million from the undrawn part of the 1958 World Bank loan, \$56.6 million from retained earnings and depreciation, \$28.9 million of share issue, a loan of \$600,000 from the Manufacturers Trust Company of New York and the remainder from borrowings in Japan.

## INDUSTRIAL AND COMMERCIAL NOTES

### BIG NEW INDIAN DAIRY IS TECHNICAL MODEL PLANT

Ultra-modern Swedish dairy equipment will be turning out India's traditional ghee, milk and other dairy products in South-East Asia's largest and most modern dairy which was opened by the President of India in New Delhi on December 6, 1960. The Alfa-Laval Company of Sweden have supplied all the equipment for this dairy, which is scheduled for an initial output of 250,000 litres a day, later to be increased to 450,000 litres (about 100,000 imp. gallons).

The dairy is a gift to India from New Zealand, which has donated £800,000 to finance the construction and equipment of the plant. It is expected to serve as a model training school for dairy students from all over India and neighbouring countries.

Featuring the most advanced milk processing equipment available in the world the Delhi Central Dairy has been equipped, in addition to the usual pasteurisation set-up, with two types of Alfa-Laval plants for ultra-high temperature treatment of milk, which ensures better keeping qualities. Milk will further be treated in clarifiers, a device developed by the Swedish company, which homogenizes and clarifies milk simultaneously. Twelve 15,000 litre storage tanks have been installed, while a plate chiller with two independent sections will be able to handle 5,000 litres per hour in each section.

Swedish-designed equipment has also been installed for making butter, butter oil and ghee. Ghee is a relatively water-free butter which is widely used as cooking fat throughout India. An Alfa-Laval Vacu-Therm plant will treat cream obtained from separation of milk, and the company's stainless steel butter churns will produce no less than one ton of butter in a single churning.

Milk collection and distribution are being revolutionized by the new dairy. The farmer will sell his milk directly to one of the 30 cooperative milk collecting and chilling centres which have been set up within 70 kilometres of the main dairy. Similar dairies are also planned to be built in other major Indian cities and the milk will be distributed in half and quarter litre bottles in the urban areas. This will be the first major application of the metric system, which has recently been introduced in India.

### GOOD PROGRESS AT DURGAPUR STEELWORKS

The Indian Steelworks Construction Co. Ltd.—ISCON—is determined to beat the scheduled completion date in April 1961 of Stage III of the new £105 million Durgapur Steelworks near Calcutta. At the end of Stage III more than three-quarters of the work will be finished and at the present rate of progress it seems this target will be reached ahead of time.

Since No. 1 Blast Furnace went into production at the end of 1959 activity has intensified at Durgapur. Halfway through 1960 steel making and shaping was under way with the commissioning of three open hearth furnaces, three rolling mills and the Sleeper Plant. Operation and construction are now in progress side by side.

Construction is now well advanced on the third and final units of the Coke Oven and Blast Furnace Plant. The structural work for the remaining four open hearth furnaces in the Steel Melting Shop is complete and two are now lined with refractory bricks.

The final two units of the Rolling Mill Plant have progressed so far that some of the electric drives of the Section mill have been tried out and mechanical equipment turned over.

Stage IV—the final stage—at Durgapur includes the Wheel and Axle Plant, details of which were not finalised until after the start of the original contract. Construction

has now been phased so that wheel sets for Indian Railways will be produced early in the Autumn of next year. The Wheel and Axle Plant, when complete, will have an annual production capacity of 45,000 wheel sets.

### DLF SIGNS SIX LOANS TO INDIA

The Development Loan Fund announced the signing of loan agreements covering six US Government loans totaling \$114.1 million for projects and programmes in India.

Five of the loans were signed in New Delhi by DLF's Managing Director, Vance Brand, who is visiting project sites and conferring with officials and businessmen in India, Pakistan, Thailand, and Formosa. The sixth, a loan to the Industrial Finance Corporation, was signed in Washington by Acting Managing Director Hart Perry.

*Industrial Finance Corporation of India, \$10 million.*—To provide funds which will be re-lent to private borrowers in specified categories of enterprise. DLF funds lent to any one borrower in amounts totalling more than \$100,000 must be spent within the United States. The IFC is a major source of medium and long-term credit for private industrial undertakings in India. It is an autonomous corporation established in 1948. Though the Government holds a controlling interest in the share capital, capital also has been contributed by Indian banks, cooperative societies, and other institutions. During the past 10 years it has made loans to chemical, paper, cement, metal products, glass, machinery, electrical apparatus, motor vehicle, and other industries, and has generally encouraged the development of private industries in India.

*Kanpur Thermal Electric Powerplant, \$1,600,000.*—To expand the facilities of an existing plant in the State of Uttar Pradesh by adding 15,000 kilowatts of generating capacity plus transmission and distribution facilities needed to serve an additional 15,000 customers. The plant addition consists of a turbine-generator, boiler, switchgear, and accessories, plus 15,000 service connections and 120 miles of line. Orders for major equipment have already been placed.

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**Barapani Hydroelectric Powerplant, \$2,500,000.**—To finance the foreign-exchange costs of building a 27,000-kilowatt hydroelectric powerplant and ancillary transmission and sub-station facilities in the State of Assam. The project will include a 210-foot concrete dam, two earth dams, tunnels, penstocks, and a power-plant containing provision for four 9,000-kilowatt generating units, of which only three will be installed initially; also approximately 100 miles of 66-kilovolt transmission line and a switchyard with transformers and switchgear. The project will help regulate the flow of the Umtru River and make possible the generation of further power at existing or prospective powerplants downstream. Procurement will be in the United States and abroad.

**Third Railway Loan, \$50 million.**—To procure diesel locomotives, electric locomotives, and centralized traffic control equipment. The traffic-control and signaling equipment will be installed on India's North-East Frontier Railway. The electric locomotives, costing approximately \$10 million, are of a type not manufactured in the US and will be procured elsewhere. The 170 diesel locomotives and the control equipment will be procured in the US.

**Capital Equipment for Private Industries, \$25 million.**—To import capital equipment needed to increase the productive capacity of small and medium-sized private enterprises in selected categories of industry. The encouragement of a broad base of private industry is regarded as necessary to achieve self-sustained economic growth in India. Most of the equipment is expected to be used by industries in the fields of metallurgy, electrical installations, industrial machinery, machine tools, earth-moving machinery, and chemicals. Procurement will be in the United States.

**Third Steel Loan, \$25 million.**—To finance the importation of steel sheets, tin-plate, strips, tool and alloy steel, billets, wire, and rods needed by private and public enterprises in India. Most of the imported steel will be used by private Indian enterprises. A small portion will be used by a private aircraft firm and the

posts and telegraphs department. While India builds up its own steel production, this loan will help meet some critical needs for steel, particularly in the private sector which has been most adversely affected by shortages of domestic steel and of foreign exchange. Procurement will be in the United States.

#### **DLF LOAN FOR THERMAL POWER PLANT PROJECT IN VIETNAM**

The Development Loan Fund approved a US Government loan of \$12.7 million to the National Office for Re-equipment of Installations for Production and Distribution of Electric Power (ONDEE), an agency of the Government of Vietnam. The loan will be used to finance the foreign-exchange costs of establishing a 33,000-kilowatt thermal power plant, together with related transmission and distribution facilities, which will provide electric power to the Saigon-Cholon area. Details of the loan agreement remain to be negotiated.

A United States consulting engineering firm will be engaged by ONDEE to perform the engineering-design and procurement services and to supervise construction. The equipment is to be purchased in the United States by competitive bidding.

The power plant will be located at Thu-Duc, just north of Saigon and near the Saigon River. The 26-mile transmission system will include four sub-stations to furnish power to the distribution system in the Saigon-Cholon area, and one similar sub-station at the power plant to serve adjacent areas.

The thermal power plant, together with hydroelectric power plant at DaNhim (about 150 miles from Saigon) to be built by the Japanese under a reparations agreement will furnish most of the electric power requirements for the Saigon-Cholon area in the near future. The thermal plant, which is expected to be completed by mid-1963, will help meet growing peak power demands until the DaNhim plant comes into operation. The two plants together will then provide base power for the region, while certain older diesel plants already in existence will be used to provide

peaking and stand-by power. The thermal plant will burn indigenous anthracite coal.

Power demands in the Saigon-Cholon area have been increasing at the rate of 13.7 per cent per year in spite of the fact that load growths have been limited by lack of available capacity. Now the plan of the Vietnam Government to expand industrial activity will call for still further supplies of power. In the near future, the Government expects to expand or introduce industries to produce such commodities as cement, rolled steel, urea and lime-stone fertilizer, electrical apparatus, foundry products, paper, glass, pottery, pharmaceuticals, tyres, and chemicals.

The project is supported by power surveys, coal-supply studies, and economic and technical reports made by several US engineering firms.

#### **ITALY'S INCREASED TRADE WITH JAPAN**

During the first six months of 1960 Italian imports from Japan reached the value of 9,324 million lire as against 3,441 million during the corresponding period of 1959.

Italian exports to Japan increased from 2,998 million to 4,939 million lire during the same periods. During the first half of 1960 Japan's favourable trade balance with Italy shows a considerable increase due to the fact that Italian imports increased at a much bigger scale than Italian exports.

#### **FENCHUGANJ FERTILISER FACTORY OPENS**

An autoclave to produce urea, a kind of fertiliser, was inaugurated at Fenchuganj near Sylhet, in East Pakistan recently.

It is being built by the Pakistan Industrial Development Corporation with the cooperation of Japan and other foreign countries.

The factory, the biggest venture of the Corporation, when it goes into production in November 1961, will produce annually 117,000 tons of urea, which will mean a saving of foreign exchange to the extent of Rs. 55 million annually.

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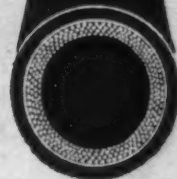
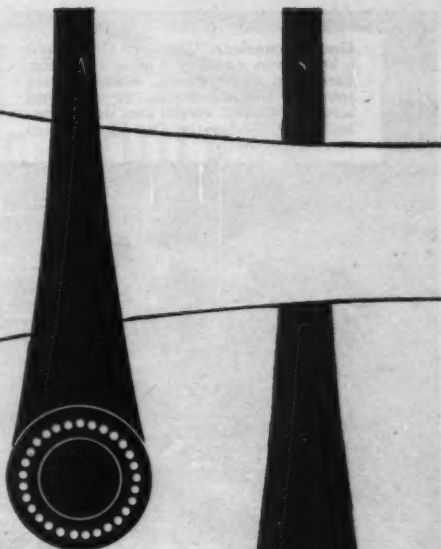
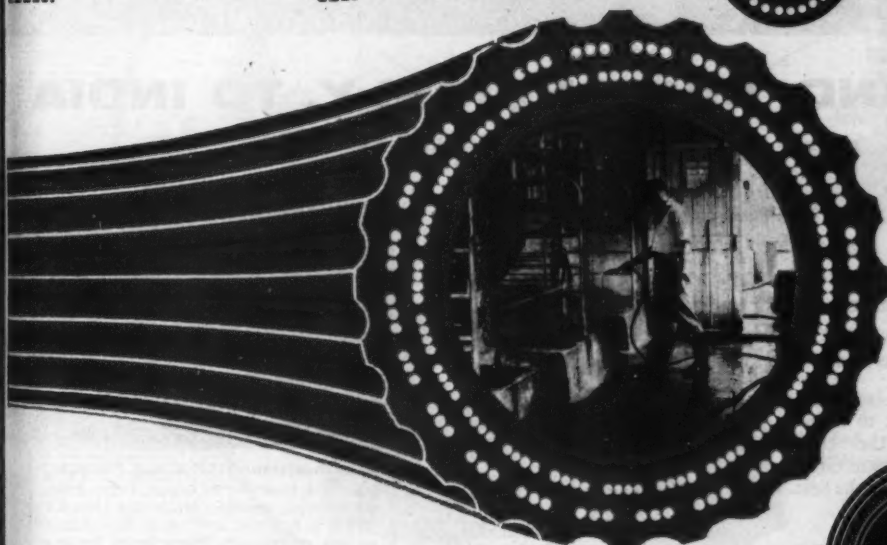
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**Good Samaritan** "Here our Gipsy hauls a lorry from a muddy Afghan river bed. Earlier, in South Persia, where melting snows had caused floods, we had come across a bus and several cars deeply embedded in flood water. Our Gipsy hauled them all out safely."

## OVERLAND, OUTLANDISHLY, TO INDIA BY AUSTIN GIPSY



ON 9TH MARCH, 1960, Mary Mather and her father left London for Calcutta. They did it the hard way—over Alpine passes, Persian deserts, Afghan river beds, jungle tracks in India. But their Austin Gipsy got them safely there—and back. Here Miss Mather reports on her remarkable journey.

We went in the worst season, early spring. We did not want to be restricted in speed, or to the beaten track. So we chose the Austin Gipsy—and she surprised us from the first.

### Ice and rough-riding

She cruised happily on German autobahns at well over 65 m.p.h. (top speed was in fact right off the clock). Then we hit snow in the Austrian Alps. Further on, crossing the steep mountain ranges of Eastern Turkey, conditions were really savage. Hard-driven snow and ice-packed roads—but the Gipsy, in four wheel drive, had no need of snow chains. She held the road as firmly as if she were on tracks.

Then came Persia and our first taste of real rough-riding. Roads were corrugated, pot-holed, washed away. At one place, skimming the corrugations at 60 m.p.h. we bounced into two-ditches crossing the road. My head hit the roof (fortunately of fibre-glass!), the roof-rack flew off, but there was no real damage. Other travellers later told us that they had not only lost roof-racks, but cracked

sumps too, on this very spot. And afterwards they had suffered buckled wheels and broken axles.

### Jungle tracks and tigers

In India we avoided the main asphalt roads as much as possible, branching off down jungle tracks to visit remote villages, and once, at night, to go tiger-spotting.

How we failed to break the Gipsy's back I still don't know. One moment we would be riding with the off-side wheels in a ditch, the nearside on a ridge. Next moment the path would narrow, forcing us to creep diagonally through the ditch, over the ridge, and down a boulder-strewn hillside or across a ploughed field before we could rejoin the path.

But with the Gipsy none of the hazards we met gave us much trouble. And she brought us home without major mishap. Altogether we covered 17,000 miles, through extremes of temperature and road conditions. We never once had to top the radiator, and we averaged about 20 m.p.g.



**In Afghanistan**—a typical road. "Straight, gravelled, tempting 60 m.p.h. Then, without warning, a broken bridge has caused a chasm 10 ft. across, 20 ft. deep. You detour as best as you can. When larger bridges break you drive through the river and hope for the best."



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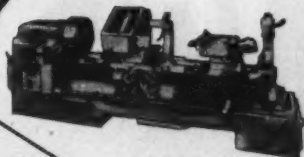
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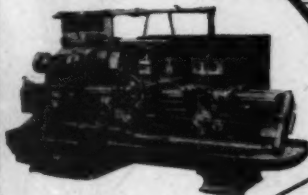
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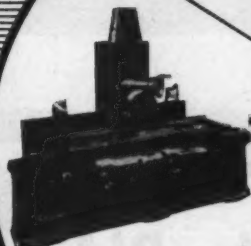


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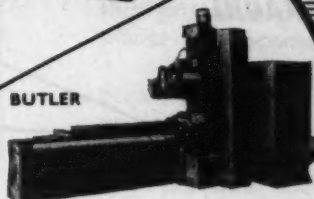


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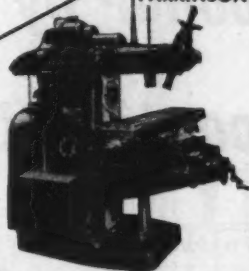
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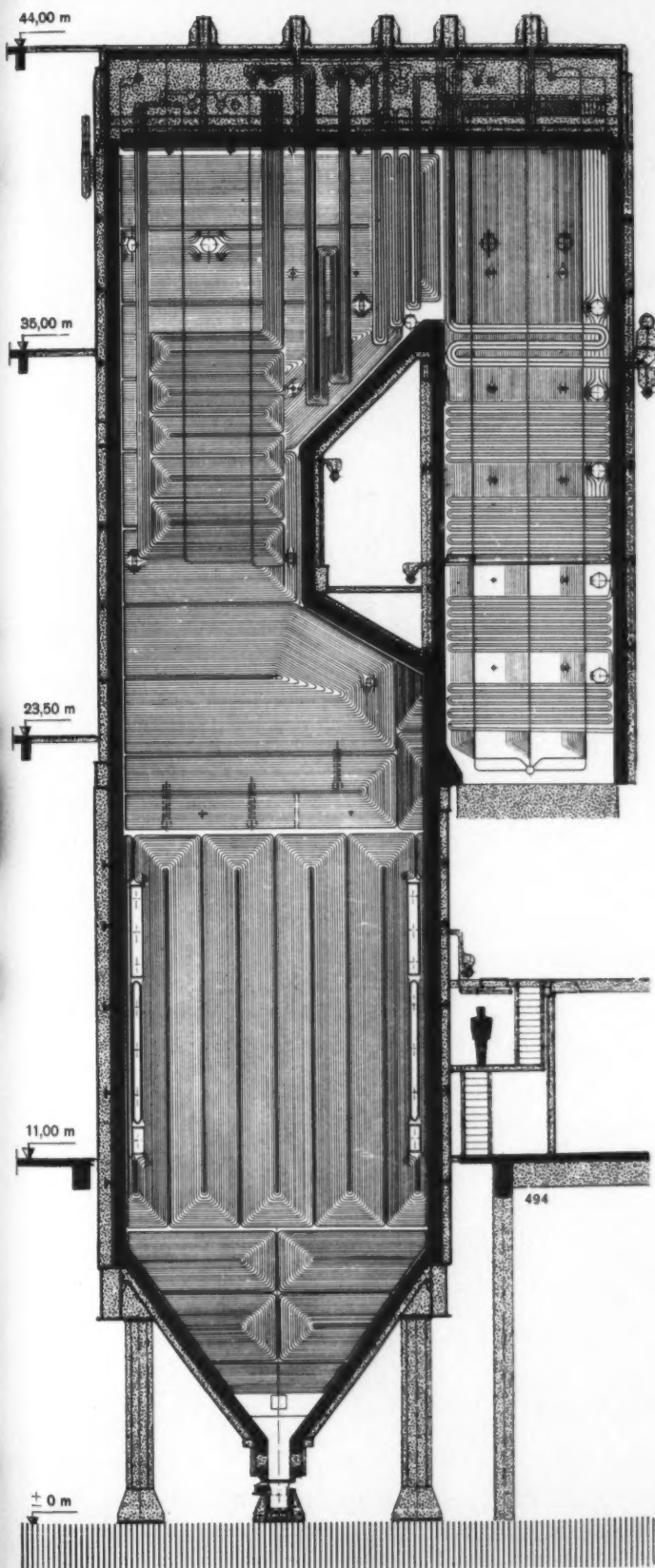


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